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**STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2021-22)
SEVENTEENTH LOK SABHA**

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

[Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their Nineteenth Report (Seventeenth Lok Sabha) on 'Demands for Grants 2021-22' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]

TWENTY SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

DECEMBER, 2021 /AGRAHAYANA, 1943 (SAKA)

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Presented to Lok Sabha on 02.12.2021

Laid in Rajya Sabha on 02.12.2021

LOK SABHA SECRETARIAT
NEW DELHI

DECEMBER, 2021 /AGRAHAYANA, 1943 (SAKA)

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**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2020-21)**

Smt. Kanimozhi Karunanidhi - Chairperson

**MEMBERS
LOK SABHA**

2	Shri Maulana Badruddin Ajmal
3	Shri Deepak Baij
4	Shri Ramakant Bhargava
5	Shri Prataprao Govindrao Patil Chikhalikar
6	Shri Rajeshbhai Naranbhai Chudasama,
7	Shri Ramesh Chandappa Jigajinagi
8	Shri Pakauri Lal
9	Shri Kripanath Mallah
10	Shri Satyadev Pachauri
11	Smt Aparupa Poddar
12	Dr. M.K.Vishnu Prasad
13	Shri Atul Kumar Singh alias Atul Rai
14	Shri Arun Kumar Sagar
15	Shri M. Selvaraj
16	Shri Pradeep Kumar Singh
17	Shri Uday Pratap Singh
18	Shri Indra Hang Subba
19	Shri Prabhubhai Nagarbhai Vasava
20	Dr. Sanjeev Kumar Singari#
21	Vacant*

RAJYA SABHA

22	Shri G.C.Chandrashekhar
23	Dr. Anil Jain
24	Shri Ahmad Ashfaque Karim
25	Shri M.V. Shreyams Kumar
26	Shri Jaiprakash Nishad
27	Shri Anthiyur P. Selvarasu
28	Shri Arun Singh\$
29	Shri A.D. Singh
30.	Shri Vijay Pal Singh Tomar
31.	Shri K. Vanlalvena

SECRETARIAT

1.	Shri Manoj K. Arora	- OSD (Officer on Special Duty)
2.	Shri Nabin Kumar Jha	- Director
3.	Shri C. Kalyanasundaram	- Additional Director
4.	Shri Kulvinder Singh	- Deputy Secretary

\$Re-nominated to the Committee w.e.f. 23.12.2020.

#Nominated to the Committee w.e.f 28.12.2020 vice Shri Nandigam Suresh.

**Vacant vice Shri Er. Bishweswar Tudu nominated MoS on 07.07.2021.*

**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2021-22)**

Smt. Kanimozhi Karunanidhi - Chairperson

**MEMBERS
LOK SABHA**

2. Shri Dibyendu Adhikari
3. Maulana Badruddin Ajmal
4. Shri Deepak Baij
5. Shri Ramakant Bhargava
6. Shri Prataprao Patil Chikhlikar
7. Shri Rajeshbhai Naranbhai Chudasama
8. Shri Sanjay Shamrao Dhotre
9. Shri Ramesh Chandappa Jigajinagi
10. Shri Kripanath Mallah
11. Shri Vasava Prabhubhai Nagarbhai
12. Shri Satyadev Pachauri
13. Smt Aparupa Poddar (Afrin Ali)
14. Dr. M.K.Vishnu Prasad
15. Shri Arun Kumar Sagar
16. Shri M. Selvaraj
17. Dr. Sanjeev Kumar Singari
18. Shri Atul Kumar Singh
19. Shri Pradeep Kumar Singh
20. Shri Uday Pratap Singh
21. Shri Indra Hang Subba

RAJYA SABHA

22. Shri Ayodhya Rami Reddy Alla
23. Shri G.C.Chandrashekhar
24. Dr. Anil Jain
25. Shri M.V. Shreyams Kumar
26. Shri Jaiprakash Nishad
27. Shri Anthiyur P. Selvarasu
28. Shri Arun Singh
29. Shri Vijay Pal Singh Tomar
30. Shri K. Vanlalvena
31. Vacant

SECRETARIAT

1. Shri Nabin Kumar Jha - Director
2. Shri C. Kalyanasundaram - Additional Director
3. Shri Kulvinder Singh - Deputy Secretary

INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2021-22) having been authorized by the Committee, do present on their behalf this Twenty Sixth Report on Action taken by the Government on the Observations/ Recommendations of the Committee contained in their Nineteenth Report (Seventeenth Lok Sabha) on 'Demands for Grants 2021-22', pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Nineteenth Report was presented to Lok Sabha and also laid in Rajya Sabha on 17th March, 2021. The Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) furnished their replies on 29th June, 2021 indicating action taken on the recommendations contained in that Report. The Committee at their sitting held on 16th November, 2021 considered and adopted the Draft Report.

3. An analysis of the action taken by Government on the Observations/ Recommendations contained in the Nineteenth Report (Seventeenth Lok Sabha) of the Committee is given in Appendix-II.

4. For the facility of reference and convenience Recommendations/ Observations of the Committee have been printed in thick type in the body of the Report.

New Delhi;
16 November, 2021
25 Kartika, 1943 (Saka)

Kanimozhi Karunanidhi
Chairperson,
Standing Committee on
Chemicals and Fertilizers

REPORT

CHAPTER-I

1.1 This Report deals with the action taken by the Government on the Observations/Recommendations contained in the **Nineteenth Report** (17th Lok Sabha) of the Committee on 'Demands for Grants 2021-22' pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

1.2 The Nineteenth Report was presented to Lok Sabha and laid in Rajya Sabha on 17.03.2021. It contained 14 Observations / Recommendations and the Action Taken Replies of Government in respect of all the recommendations were received on 29th June 2021. The replies furnished by the Department have been categorized as follows:-

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

Sl. Nos. 1, 2, 4, 5, 6, 10 and 11. (Total =07)

These are included in Chapter II of the Report. Percentage: 50.0%

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

Sl. Nos. 13. (Total =01)

These are included in Chapter-III of the Report Percentage: 7.2%

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

Sl. Nos. 3, 8 and 14 (Total = 03)

These are included in Chapter IV of the Report. Percentage: 21.4%

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

Sl. Nos. 7, 9 and 12. (Total= 03)

These are included in Chapter V of the Report. Percentage: 21.4%

1.3 The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter-I and the final replies to recommendations categorized in Chapter-V of this Report should be furnished expeditiously and not later than three months from the date of presentation of this Report.

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

Recommendation No. 1

Budgetary allocation for the Department

1.5 In regard to the Budgetary allocation for the Department, the Committee had recommended as follows:-

“The committee note that the Ministry of Finance was able to allocate only Rs.233.14 crore at BE stage for 2021-22 to the Department of chemicals and Petrochemicals against the requirement of Rs.276.60 crore by the Department. According to the Department, the pace of Developmental activities for New Scheme of Petrochemicals (NSP) & Central Institute of Petrochemicals Engineering and Technology (CIPET) is likely to be affected to some extent due to curtailment of BE to the tune of Rs.43 crore for the year 2021-22. During 2020-21, Rs.218.34 was allocated at BE stage and the same was increased to Rs.295.70 crore but the actual expenditure incurred by the Department was only Rs.219.87 crore on 29/01/2019. The enhancement of RE to Rs.295.70 crore during 2020-21 was mainly due to Rs.73.70 crore for interest free loan to Hindustan Fluorocarbons Ltd. (HFL) for paying liabilities towards VRS/VSS on account of closure of HFL as approved by Cabinet and Rs.50.00 crore as Grant-in- Aid General to Central Institute of Petrochemicals Engineering Technology (CIPET) for retaining its sustainability in the COVID-19 Pandemic. The pace of utilization of funds under the Heads for New Scheme of Petrochemicals and CIPET were not up to the mark during 2020-21. COVID-19 pandemic has been shown as reason for slow utilization of funds under these heads during the year. The Committee also note that the Ministry of Finance allocates funds at BE stage to the Department based on the expenditure trend in the last few years and according to the Medium Term Expenditure Frame work. Additional requirement, whenever required by the Department will be provided at supplementary/Revised Estimates (RE) stage. Hence, the Committee recommend that the Department take proactive steps for timely utilization of funds allocated under various Heads for 2021-22 so as to enable the Ministry of Finance allocate the rest of the funds required by the Department at RE stage of 2021-22 for the holistic implementation of its Schemes and programmes. It should also place proper and timely demand before the Ministry of Finance for allocation of rest of the funds required for developmental activities during 2021-22 at supplementary/RE stage. Moreover, the Committee feel that there is a strong need for further development of the chemical and petrochemical sector in the country in order to meet the

requirements of this huge country but the present Schemes and programmes of the Department and the financial outlays for the same seems to be highly inadequate. The Committee, therefore, recommend that the Department should make a complete review of its Schemes and programmes in consultation with various stake holders and also study the successful models of other countries in this regard for making a road map for the holistic development of the chemical and petrochemical industry in the country.”

Reply of the Government

1.6 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“The Department was able to spend the entire amount of RE allocated for the FY 2020-21. The amount of spending was low due to the slowdown in progress due to COVID pandemic. As far as FY 2021-22 is concerned, the Department has released Rs.9.00 cr till May, 2021 as per the limits imposed by the DoE and chalked out a proper plan to utilize the entire B.E. in the FY 2021-22.

1.7 The Department has recently revised the Scheme guidelines for the Scheme of Setting up of Plastic Parks to make the scheme more efficient and attractive. Various changes have been made in the scheme to accommodate the inputs/views of various stakeholders. Further, the Department has also evaluated the scheme through Third Party Evaluation in order to identify gaps in the schemes and also remove the bottlenecks that causing the delay in the implementation of the scheme. The Department will further put in its best efforts to identify various successful international practices in the field of Petrochemicals.

CIPET:-

1.8 CIPET was committed to meet the assigned target in all the domains of its activities and programmes for the FY 2020-21. More focussed attention given in enhancing the students’ intake capacity, Skill development training programme, undertaking more number of Technology Support Services assignments and sponsored R&D projects in the emerging area of Polymer Science & Technology to enriched interface with industries/ elite institutions across the globe.

1.9 CIPET had proposed a budget of Rs.98.25 Crore for the 2020-21 at BE stage but received only an amount of Rs.96.30 Croreduring the year 2020-21. Due to Covid-19 impacts, CIPET had requested an amount of Rs.144.00 Crore as one time grant from Govt. of India for meeting the unavoidable minimum recurring expenditure for the year 2020-21. Against this demand, an amount of Rs. 50.00 Crore was sanctioned and released by Govt. of India as one-time Grant-in-Aid (General) duringFY 2020-21. CIPET has received the total RE of Rs.146.30 Crore (i.e Rs.96.30 Grants for CCA + Rs.50.00 GIA – General) during the year 2020-21 which were released and utilized by CIPET fully within the stipulated time frame.”

Further Comments of the Committee

1.10 The Committee note that the Department has released Rs.9.00 crore till May, 2021 as per the limits imposed by the Department of Expenditure and chalked out a proper plan to utilize the entire B.E. of Rs.233.14 crore in the FY 2021-22. The Committee hope that the Department would take concrete steps to utilize the allocated funds resourcefully and timely as per the plan chalked out by it. Progress made in this regard should be informed to the Committee.

1.11 The Committee further note that the action taken reply furnished by the Department has not adequately addressed the recommendation made by the Committee to make a complete review of its Schemes and programmes in consultation with various stake holders and also study the successful models of other countries for making a road map for the holistic development of the chemical and petrochemical industry in the country. In reply, the Department has merely stated that it has recently revised the Scheme guidelines for the Scheme of Setting up of Plastic Parks to make the scheme more efficient and attractive and that it will further put in its best efforts to identify various successful international practices in the field of Petrochemicals. Chemicals and Petrochemicals is a vast sector and value additions in the petrochemicals chain cater to the needs of textiles, agriculture, infrastructure, irrigation, drinking water, health care, automobiles, power, electronics and telecommunication, etc. Being a big country with huge population, the country's multifarious requirements for chemicals and petrochemicals may be increasing day by day. As such, there is a strong need for the development of the sector in a holistic manner to meet the requirements of the

country without resorting to imports. Presently, the Department has revised only the scheme on plastic parks. What is needed is the comprehensive review of all its schemes and programmes including Petroleum Chemicals and Petrochemicals regions (PCPIRs) and to come up with a concrete action plan to make the country a front runner in the field of chemicals and petrochemicals. The Committee, therefore, reiterate the earlier recommendation and expect a specific reply from the Department on the same including study of international best practices and appropriate action plan for their implementation in the country.

Recommendation No. 2

BUDGETARY ALLOCATION FOR NEW SCHEME OF PETROCHEMICALS (NSP)

1.12 In regard to Budgetary allocation for New Scheme of Petrochemicals (NSP) the Committee made the following recommendation:-

“The Committee note that there are two sub schemes presently under New Schemes of Petrochemicals (NSP) viz. Setting up of Plastic Parks and Setting up of Centres of Excellence (CoEs). The Ministry of Finance has allocated Rs. 53.73 crore at BE 2021-22 for this Scheme against the proposal of the Department for Rs. 76.78 crore. During 2020-21, an amount of Rs.53.79 Crore was allocated at BE stage and the same was reduced to Rs.22.35 crore at RE stage but the Department could use only Rs.11.74 Crore as on 29/01/2021. According to the Department, the pace of expenditure during 2020-21 was slow due to the ongoing pandemic. This has resulted in Special Purpose Vehicles, which are engaged in setting up of plastic parks and CoEs, facing difficulties in completing their stipulated targets and hence failing to achieve the milestones required for being eligible for receiving further grants as per the respective scheme guidelines. However, the Ministry has assured the Committee that it would be in a position to spend the entire amount of R.E allocated for 2020-21. In this regard, the Committee hope that the Department would be able to chalk out a proper planning for the timely utilization of the funds allocated under this scheme for 2021-22 so that the demand for additional fund may be put before the Ministry of Finance at RE stage. The larger objective of the Plastic Parks scheme is to contribute to the economy by increasing investment, production, export in downstream Plastic Processing Sector and also generation of employment. CoE scheme aims at improving the existing petrochemicals technology and research in the country and to promote development of new applications of polymers and plastics. In view of the above, any fund crunch would be an impediment to the timely

execution of these two sub schemes. During 2020-21, the Ministry of Finance resorted to fund reduction to the tune of 41.50 per cent at RE stage for this important scheme. In this regard, the Committee strongly recommend that the Ministry of Finance should carefully examine the funds requirements of the Scheme and allocate necessary funds for the Scheme at RE stage of 2021-22.”

Reply of the Government

- 1.13 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“The Department was able to spend the entire amount of RE allocated for the FY 2020-21. The amount of spending was low due to the slowdown in progress due to Covid pandemic. As far as FY 2021-22 is concerned, the Department has released Rs.9.00 crore till May, 2021 as per the limits imposed by the Department of Expenditure and chalked out a proper plan to utilise the entire BE in the FY 2021-22. Any additional fund requirements at the RE stage will be notified to the Ministry of Finance.”

Further Comments of the Committee

- 1.14 **The Committee in the original recommendation had noted with concern that financial allocation for two sub schemes of the New Scheme of Petrochemicals (NSP) viz. setting up of Plastic Parks and setting up of Centers of Excellence (CoEs) was reduced drastically from Rs.76.78 Crore to Rs.53.73 Crore for the year 2021-22. In the financial year 2020-21 also the budgetary allocation was reduced from Rs.53.79 Crore to Rs.22.35 Crore at RE stage. Keeping in view this drastic cut in the financial allocation for two consecutive years, the Committee had *inter-alia* recommended that the Ministry of Finance should carefully examine the fund requirement of the scheme and allocate necessary funds for the scheme at RE stage of 2021-22. However in their action taken note, the Department of Chemicals and Petrochemicals has not mentioned or referred to any reply received from the Ministry of Finance to the recommendation of the Committee. It is also not clear whether the Ministry had forwarded the recommendation of the Committee to the Ministry of Finance or not. The Committee, therefore,**

recommend that the observations/recommendations of this Committee should invariably be conveyed to the Ministry of Finance and their response should also be suitably included in the action taken reply. In the present case, the Department should obtain the specific reply of the Ministry of Finance and furnish the same to the Committee within three months.

Recommendation No. 3

CENTRAL INSTITUTE OF PETROCHEMICALS ENGINEERING TECHNOLOGY (CIPET) - REQUIREMENT OF ADDITIONAL FUNDS.

1.15 In regard to additional Funds requirement of Central Institute of Petrochemicals Engineering Technology (CIPET), the Committee made the following recommendation:-

“The Committee note that Central Institute of Petrochemicals Engineering Technology (CIPET) is a premier national Institution fully devoted to skill development, technology support, academic and research activities for the growth of polymer and allied industries in the country. CIPET conducts different long term training programs including undergraduate, post graduate and doctoral programmes and also conducts vocational skill development programmes in the entire gamut of Petrochemicals Engineering Technology in line with the Skill India Mission of the Government of India. CIPET has been operating on self-sustainable mode since 2008-09 onwards and the Government of India provides funds only for strengthening CIPET's civil and technical facilities. CIPET was allocated Rs.98.25 Cr at B.E. 2020-21. However, due to lockdown in the country for Covid-19, the Institute could not continue its various activities such as regular courses, etc. and suffered loss of revenue. Therefore, it proposed a one-time grant of Rs.144.00 crore from the Govt. However only an amount of Rs.50.00 crore was agreed to by Ministry of Finance at RE 2020-21 and the overall Budget allocation for CIPET was enhanced to Rs. 146.30 crore at RE 2020-21. Against the requirement of Rs. 134.46 crore for 2021-22, only Rs. 117.88 crore has been allocated in BE 2021- 22 for CIPET. Since CIPET is providing yeoman service to the nation in the field of petrochemical engineering technology, the Committee feel that it is necessary to allocate the requisite funds for its infrastructural and technical development. The Ministry of Finance should encourage further such successful models with the allocation of suitable funds for further development. The Committee, therefore, recommend that the Ministry of Finance should consider allocating the additional fund requirement of Rs.16.58 crore to CIPET at R.E. stage during 2021-22.”

Reply of the Government

1.16 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“CIPET proposed a budget of Rs.134.45 Crore for the FY 2021-22, however, an amount of Rs.117.88 Crore has been allocated to CIPET at BE stage for 2021-22 which will be utilized as per the details given below;

(Rs. in crores)	
Scheme etc.	Allocated 2021-22
Enhancing capabilities in Academics and Skill Development at CIPET	96.87
Enhancing capabilities in R&D and Technology Support at CIPET	21.01
TOTAL	117.88

1.17 The amount of Rs.117.88 Crore is lesser than the projected requirement to meet the execution of existing schemes for the current year. This may affect the construction of Hostels, procurement of plant & machinery, planned training programme with consequent effect of less skill development training.”

Further Comments of the Committee

1.18 **The Committee note that Central Institute of Petrochemicals Engineering Technology (CIPET) proposed a budget of Rs.134.45 Crore for the financial year 2021-22 but a lesser amount of Rs.117.88 Crore was allocated. According to the Department of Chemicals and Petrochemicals the lesser allocation of funds may affect the construction of hostels, Procurement of plant and machinery, training programmes etc. In this regard, the Committee would like to know the response of the Ministry of Finance to the earlier recommendation of the Committee that the Ministry of Finance should consider allocating the additional fund requirement to CIPET at R.E stage during 2021-22. Against this backdrop, the Committee recommend that the allocated amount of Rs. 117.88 crore be judiciously used by CIPET. Further the Department should put forth their demand more effectively to the Ministry of Finance to get a supplementary grant of the remaining amount of Rs.**

16.57 crore and the matter should be pursued vigorously at the highest level with the Ministry of Finance.

Recommendation No. 5

IMPORT OF CHEMICALS AND PETROCHEMICALS

1.19 In regard to Import of Chemicals and Petrochemicals, the Committee made the following recommendation:-

“The Committee are concerned to note the increasing volume of imports of chemicals and petrochemicals as imported products are cheaper than many indigenous products. The import of major chemicals and petrochemicals had risen to the tune of 14.4% of the total national imports during the period from April, 2020 to September, 2020 when compared to 11.1% during the period of 2019. On the one hand the Government is promoting the Idea of self-reliant India and on the other hand many domestic industries are facing losses/closures due to increasing cheaper imports of the products which in turn are depleting the domestic capacity. The Committee are, therefore, of the view that in the interest of Self-reliant India, the Government should provide appropriate safeguards to the domestic producers against the cheap imports, in line with WTO guidelines. In this regard, the Committee note that the Department on a consistent basis looks for measures to put both tariff as well as Non-Tariff barriers to protect the domestic industry. According to the Department, it has made the standards for the chemicals / petrochemicals mandatory to meet the BIS quality parameters for the exporters as well as for domestic manufacturers in respect of 34 chemicals and petrochemicals and for about 50 chemicals and petrochemicals the process is at different stages. The Department has also taken steps for rationalization of Basic Custom Duty (BCD) viz. BCD on basic feedstock/ building blocks is proposed to be kept at the minimum & on intermediates is kept moderately high. BCD on finished products is kept higher than that is applicable to intermediates. In the Finance Bill, 2021 it has been proposed that BCD on Naptha which is a basic feed stock decreased from 4% to 2.5% and it has also been decreased in some other materials like nylon chips. However, BCD has been increased on some other materials like Carbon Black, Poly Carbonates, Bis Phenol, etc. mainly to protect the domestic industry. Since it is very much necessary to safeguard the interests of domestic chemical and petrochemical units and also to develop the chemicals and petrochemical industry according to the increasing needs of the country, the Committee recommend the following:-

(i) Concrete steps should be taken to realize the goals envisaged under Vision Statement 2024 which aims to seize the opportunity to establish India as a leading chemicals & petrochemicals manufacturing hub with the thrust on reduction in import dependency by attracting investments for manufacturing quality products.

(ii) Two cracker units are likely to get commissioned by 2021-22, and one by 2023. A comprehensive assessment should be made on the requirements of

cracker units for the country and necessary measures should be initiated for setting up of more cracker units in the country.

(iii) The Government should also look in to making the domestic industry more competitive by providing them cheaper raw materials and fuels so that they can compete with the prices in global market and the import bill on account of import of chemicals and petrochemicals be brought down.

(iv) Increase of Basic Custom Duty on some chemicals/petrochemicals has been proposed in Finance Bill, 2021 particularly to protect the interests of domestic manufacturers. In this regard, it is also necessary to take appropriate steps to ensure that the increase in BCD does not result in price rise of the end products which may affect the consumers.”

Reply of the Government

1.20 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“(i) Department of Chemicals and Petrochemicals has prepared a Vision 2024 Plan. To achieve the objectives of this plan, certain initiatives are being taken by the Department viz. strengthening of PCPIRs, incentives for mega investment, ensuring quality by formulating new standards and making those standards mandatory, Skilling & Employment generation, technology support services to SMEs, better trade intelligence with the creation of new HS codes for the products falling under “others” category appearing in ITC HS Code. An Advisory Forum as a permanent platform for interaction with industry has been created in the Department, to improve industry facilitation. Under Vision 2024, yearly targets have been set up and the progress made is reviewed at the end of every year to achieve the objectives of the Vision 2024 Plan within the stipulated period.

Also, apart from other investor awareness programs, the Department in association with the FICCI, organized the 11th edition of ‘INDIA CHEM’ during 17-19th March 2021 at New Delhi. The theme of the event was “India: Global Manufacturing Hub for Chemicals and Petrochemicals”. The event was also hosted on the digital platform along with the digital exhibition for the growth and development of the Chemical and Petrochemical sector.

(ii) Chemical sector plays an indispensable role in the industrial and agricultural development of the country. It contributes significantly to the economic development and growth of various key sectors such as construction, automotive, electronics, pharmaceuticals etc. Manufacture of most chemical products is delicensed and deregulated in India. Accordingly, in order to ensure better planning for the Petrochemical sector augmentation/expansion, The Department had initiated work on the preparation of “Perspective Plan for the Petrochemical industry” to highlight the likely demand-supply scenario over the next 15-20 years and to present options to bridge the gap between domestic demand and supply.

Rationalization of customs duty structure of chemical products has been a longstanding demand of the chemical industry. To address this issue, Budget 2021- 22 has proposed revision of customs duty of several chemical products which will boost the domestic chemical industry making India 'AtmaNirbhar' in chemical sector.

Customs duty on some of the key raw materials such Naphtha is reduced to 2.5% to enhance competitiveness of domestic manufacturing units. Additionally, customs duty has been increased on some chemical & petrochemical products to support optimum utilization of domestic capacity and attract large scale investments in establishing new manufacturing units for these chemical products.

(iii) In order to curb imports, for creation of new capacity and to promote investment; DCPC recommends for change in custom duty on important petrochemicals. Increase in custom duty will help to reduce imports and encourage establishing domestic capacities and for production of downstream chemicals (other than polymers). Department has also prepared Production Linked Incentive scheme by providing financial support to domestic industry to boost domestic manufacturing for various chemicals and petrochemicals products and recommended for further course of action.

Presently, BIS standards of majority of chemicals are voluntary in nature. Sometimes, inferior and spurious chemicals are imported into India, which do not meet the quality requirements as per BIS standards. These chemicals may be hazardous to human health and environment. To overcome this problem, DCPC has initiated an exercise to make BIS standards as mandatory under Section 16 of BIS Act, 2016, so that both domestic manufacturers and overseas suppliers meet the BIS standards to ensure adequate safety to human & animal health and environment. Accordingly, Department has made BIS Standards mandatory for 44 chemicals & petrochemicals and issued Quality Control Orders in this regard.

(iv) Import duty on Naphtha which is the basic raw material for production of major petrochemicals, has been reduced from 4% to 2.5%. The decreased custom duty on naphtha is likely to further improve the utilization of crackers resulting in availability of cost competitive olefins and aromatics. Low cost naphtha will also make a way into the availability of ethylene and propylene for petrochemical intermediates in value chain, further boost to the production of major basic petrochemicals.”

Further Comments of the Committee

1.21 The Committee note that the Department of Chemicals and Petrochemicals have initiated certain steps to safeguard the interests of domestic chemical and petrochemical units and also to develop the chemicals and petrochemical industry according to the increasing needs of the country. Under Vision 2024, yearly targets have been fixed by the Department and the progress made is reviewed at the end of every year to achieve

the objectives of the Vision 2024 Plan within the stipulated period. **In this regard, the Committee may be furnished the details of yearly targets fixed and the achievements made thereon under Vision 2024 plan.** The Committee also note that the Department has also prepared a Production Linked Incentive scheme by providing financial support to domestic industry to boost domestic manufacturing for various chemicals and petrochemicals products. **Since it is a welcome move, the Committee may be apprised of the further steps taken for the early approval and implementation of the Scheme.** The Committee further note that the Department had initiated work on the preparation of a "Perspective Plan for the Petrochemical industry" to highlight the likely demand-supply scenario over the next 15-20 years and to present options to bridge the gap between domestic demand and supply. **Since it is very much necessary to visualize the demand and supply scenario of the future and to initiate concrete measures to bridge the gap between the demand and supply, the Committee hope that the perspective plan for petrochemical industry would be prepared in a time bound manner and the necessary steps would be taken for implementation of the same. Progress made in this regard may be apprised to the Committee.**

Recommendation No. 8

DELAYS IN SETTING UP OF PLASTIC PARKS

1.22 In regard to Delays in Setting up of Plastic Parks the Committee made the following recommendation:-

"The Committee are not satisfied at the pace with which the Plastic Parks scheme is being implemented by the Department of Chemicals and Petrochemicals. The scheme aims at setting up of need based plastic parks, an ecosystem with state-of-the-art infrastructure and enabling common facilities through cluster development

approach, to consolidate and synergize the capacities of the domestic downstream Plastic Processing Industry. Under the scheme, the Government of India provides grant funding up to 50% of the project cost, subject to a ceiling of Rs. 40 crore per project. The remaining project cost is funded by the State Government or State Industrial Development Corporation or similar agencies of State Government, beneficiary industries and loan from financial institutions. Under the Scheme, 7 Plastic Parks have been given final approval and 3 Plastic Parks have been given “in-principle” approval. These parks are under various stages of implementation. This Scheme was started in 2013, but none of these plastic parks have become fully functional due to slow development of infrastructure at these parks and other reasons. 100% physical progress of the park has been completed only in respect of Tamot, Madhya Pradesh and it is 95% completed in respected of Paradeep, Odhisha. Since it is necessary to complete the work in a time bound manner, the Committee recommend that while granting approval for the parks, the Department should put strict timeframe for the state governments for initiation and completion of different stages of work in the park and if any State Government/SPV is unable to adhere to the timeframe, it has to withdraw from the Scheme so that delay in execution may be avoided and cost over runs which occur due to such delays may also be avoided. Further, the Committee recommend that the Department should review progress of all the ten parks approved in various states on monthly basis and problems/difficulties associated with each park should be resolved in a time bound manner for the complete setting up and full-fledged functioning of each of the parks.”

Reply of the Government

1.23 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“The issue of slow progress is ascertained on regular basis by the Department. The issues are regularly raised by DCPC during various meetings with all the stake holders. Some of the remedial steps taken:

- i. As per Scheme guidelines, a Scheme Steering Committee has been constituted under the chairmanship of Secretary (C&PC) which meets at regular intervals and monitors the progress made by the Plastic Parks.
- ii. As per Scheme guidelines, Programme Manager is also responsible for monitoring the progress and furnish regular reports to the Department.
- iii. The Department also monitor progress of plastic parks regularly for which progress reports are being received from SPV of respective plastic parks, which are then analysed and appropriate directions are being given to SPVs time to time.
- iv. The Department has further revised the Scheme Guidelines to make the scheme more efficient and comprehensive.”

Further Comments of the Committee

1.24 The Committee note that the scheme of Plastic Parks was launched in the year 2013 and final approval for 07 Plastic Parks were given and then “in principle” approval was given for 03 Plastic Parks. However, out of these 10 approved Plastic Parks just one Plastic Park at Tamot, Madhya Pradesh could be completed and the remaining are under various stages of completion even after the lapse of about eight years time. Noting the delay in setting up of Plastic Parks, the Department has *suo-moto* tried to ascertain the reasons for the delay and has initiated some remedial measures which include (i) constitution of a scheme steering Committee for monitoring the progress made by the Plastic Parks, (ii) monitoring and furnishing of Reports by the Programme Manager to the Ministry, (iii) monitoring the progress of Plastic Parks by the Department of Chemicals and Petrochemicals and (iv) revising the scheme guidelines to make it more efficient and comprehensive. Despite the initiation of these steps and monitoring the progress of plastic parks by the Department, the pace of setting up of the Plastic Parks could not pick up the desired momentum. It appears that some more stringent measures need to be taken by the Department for expediting the setting up of the Plastic Parks. In this regard, the Committee in the original report had specifically recommended that the Ministry should put a strict time schedule for the State Governments for initiation/completion of different stages of work in the Plastic Parks and also the progress of all the Plastic Parks be reviewed on monthly basis. However the Committee regret to note that the Department has not given any reply on these two recommendations of the Committee and expect that specific reply will be furnished furnished by the Department to these recommendations.

1.25 The Committee further desire to be apprised of the number of sittings of the “Steering Committee” held since its Constitution and details of the recommendation(s) it has made, if any, so far for expediting setting up of the Plastic Parks. The Committee further desire to know the number of Reports submitted by the Programme Mangers to the Department and the action taken thereon by the Department and finally the details of the direction issued by the Department on the basis of its monitoring of the progress of Plastic Parks. The Committee strongly recommend that the entire process of setting up the Plastic Parks be streamlined and the Plastic Parks be set up without further loss of time. A detailed reply may be furnished the present status of setting up of each of the Plastic Park .

Recommendation No. 10

PLASTIC WASTE MANAGEMENT CENTERS (PWMCS).

1.26 In regard to Plastic Waste Management Centers (PWMCS) the Committee made the following recommendation:-

“The Committee note that Plastic Waste Management Centres are being set up in four Central Institute of Petrochemicals Engineering and Technology (CIPET) Centres in Ahmedabad, Bengaluru, Patna, and Varanasi generating 241.50, 313.87, 12.60 and 25.92 tonnes/day plastic waste with the total Project cost of Rs. 24 crore and with the Government of India’s contribution of Rs. 21.60 crore therein. All the 4 PWMCS is expected to be functional by the end of FY 2021-22. The basic objectives of setting up of these PWMCS are Segregation / sorting, cleaning and recycling of plastic waste, product development for economic aspects, develop skill manpower for plastic recycling industries etc. The Committee note that the plastic waste have become one of the most pressing environmental issues as rapidly increasing production of disposable plastic products overwhelms country’s ability to deal with them. According to a Central Pollution Control Board (CPCB) report (2018-19) the total annual plastic waste generation in India is 3.3 million metric tonnes per year. It is also noted that there are many cities like Delhi, Mumbai, Chennai, Kolkata which are generating much more plastic waste than other cities and where no PWMCS have been set up. Since PWMCS at CIPET Centres in four cities may not be adequate, the committee recommend that the number of these PWMCS should be increased and PWMCS should be set up in all CIPET centres across the country to manage the issue of plastic waste management. The possibility of setting up of PWMCS in other cities and towns where there is no CIPET centre should also be explored and

initiative should be made to open PWMCs in all cities and towns, giving priority to those cities which are generating more plastic waste, in coordination with State Governments. Budget allocation for the purpose should be increased proportionately. “

Reply of the Government

1.27 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“Total budget of Rs.24.00 Crore (an amount of Rs.21.60 Crore from Govt. of India and Rs.2.40 Crore from CIPET) has been allocated for PWMCs. An amount of Rs.11.60 Crore has been allocated in the B.E 2021-22, out of total budget of Rs.117.88 Crore allocated to CIPET for the year 2021-22.

The Plastic Waste Management Centres proposed to be set up are (i) Ahmedabad, (ii) Bengalure, (iii) Patna, and (iv) Varanasi.

CIPET centres are in coordination with local State Govt. for allotment of identified land at Ahmedabad, Bengaluru, Patna & Varanasi and the allotment of land is delayed due to Covid-19 pandemic situation.

Setting up of more PWMCs will be taken up by the Department of Chemicals and Petrochemicals on the successful completion of these PWMCs and on receiving the proposal from CIPET for the same.”

Further Comments of the Committee

1.28 **The Committee note that Rs.11.60 Crore has been allocated in BE 2021-22 to CIPET for the setting up of Plastic Waste Management Centers (PWMCs) at Ahmedabad, Bengaluru, Patna & Varanasi. As per the earlier information furnished to the Committee, all the four PWMCs were expected to be functional by the end of FY 2021-22 but in the action taken reply furnished by the Department it has been stated that CIPET centres are in coordination with local State Govt. for allotment of identified land at Ahmedabad, Bengaluru, Patna & Varanasi and the allotment of land is delayed due to Covid-19 pandemic situation. In this regard, the Committee recommend that the Department, instead of leaving the entire land allotment process to CIPET, should take up the matter with the concerned State**

Government at top level for the early allotment of land for the construction of PWMCs. Progress made in this regard should be intimated to the Committee.

1.29 The Committee also note the reply given by the Department that setting up of more PWMCs will be taken up by the Department of Chemicals and Petrochemicals on the successful completion of the afore-stated four PWMCs and on receiving the proposals from CIPET for the same. Since the plastic waste management has become one of the most pressing environmental issues, the Committee strongly recommend that the Department instead of waiting for completion of the work of setting up of four PWMCs and the proposals from CIPET for the setting up of more PWMCs, *suo moto* initiate steps for the setting up of PWMCs in the cities/towns where CIPET centres are already functioning as a first phase initiative and subsequently steps should be taken for the setting up of more PWMCs in other cities/towns in the country in the second phase.

Recommendation No. 14

BHOPAL GAS LEAK DISASTER (BGLD) - REMOVAL OF TOXIC WASTE.

1.30 In regard to the removal of Toxic Waste from the site of Bhopal Gas Leak Disaster (BGLD), the Committee made the following recommendation:-

“The Committee take a serious view that there is a huge pile of toxic waste still lying at the UCIL site even after 36 years of the Bhopal Gas Leak Disaster. It could not be disposed of due to one reason or another. The toxic waste may contaminate the ground water and is a potential health hazard for the people living in the area. In this regard, the Committee note that a trial run was taken under the direction of Hon’ble Supreme Court to incinerate 10 metric tons of about 350 metric tons of

waste lying in the site and that was successfully done. In this regard, the Committee note that It was decided that the Government of Madhya Pradesh should dispose of the remaining waste on the same line. State Government has to float a tender to get a party to incinerate all the toxic waste. According to the Department, this has not really happened even after repeated persuasion and follows up with the State Government. In this context, the Committee feel that the non-disposal of toxic waste even after 36 years of tragedy indicate the lackadaisical attitude of both the Union and State Governments towards this potential danger which has already played havoc among the people of Bhopal. The Committee, therefore, strongly recommend that the Department should take up the matter of disposal of remaining toxic waste lying at the UCIL site and the remediation of the site with the state government at Chief Minister's level and the sentiments expressed by this Committee may also be intimated to him so as to complete the task by the year 2022 positively. In case, the State Government is not forthcoming, the Union Government should take necessary steps for the immediate disposal of toxic waste lying at the UCIL site of the Bhopal Gas Leak Disaster."

Reply of the Government

- 1.31 In reply to the above recommendation of the Committee the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

"Department of Chemicals & Petrochemical has been continuously taking up the matter with the Govt. of Madhya Pradesh. In this regard, the matter has been discussed in Review Meetings held on 17.2.2016, 3.8.2016, 7.2.2017, 6.9.2017, 23.3.2018, 2.7.2018, 9.1.2019, 28.8.2019 and 9.12.2019. Letters dated 27.9.2016, 20.11.2017, 11.5.2020, 19.8.2020 and 16.12.2020 were also written to GoMP to prepare a comprehensive proposal including an execution plan for disposal of the remaining waste at the UCIL site and send to this Department with the consent of M/o Environment, Forest & Climate Change. Despite these efforts no response has been received from GoMP so far.

Recently, as directed by Hon'ble Minister(C&F), a Review Meeting was held under the Chairmanship of Secretary(C&PC) on 25.3.2021 to discuss the various issues including issue related with remediation of toxic waste at UCIL site, Bhopal. Govt. of Madhya Pradesh was once again requested to prepare a comprehensive proposal with an execution plan for disposal of the remaining waste at the site. Once, the GoMP prepares the plan and selects the operator for disposal of the toxic waste and communicates the same to M/o EF&CC, the Oversight Committee

under the Chairmanship of Hon'ble Minister (EF&CC) will endorse the proposal and request Department of Expenditure for release of funds to GoMP for disposal of UCIL waste. Alternatively, if required, the un-utilized funds available with GoMP under various components of New Action Plan may be re-appropriated for this purpose.

Further, Hon'ble Minister(C&F) has also written a letter to Hon'ble Minister (Medical Education & Bhopal Gas Tragedy Relief and Rehabilitation), Government of Madhya Pradesh on 5.5.2021 to instruct the concerned officials in his Department to expedite the matter, so that further necessary action may be taken up by this Department.”

Further Comments of the Committee

1.32 **The Committee note that the Department is continuously taking up the matter of disposal of toxic waste in the Bhopal Gas Leak site with the Government of Madhya Pradesh. In this regard several review meetings have been held so far and a number of letters have also been written to the Government of Madhya Pradesh to prepare and submit a comprehensive proposal including an execution plan for disposal of the toxic waste, with the approval of the Ministry of Environment, Forests and Climate Change, to the Ministry of Chemicals and Fertilizers. However, response of the Government of Madhya Pradesh is still awaited. In this regard, the Committee made a specific recommendation to take up the matter at Chief Minister’s level with the Government of Madhya Pradesh but the Department had chosen to take up the matter with the concerned Minister in the Government of Madhya Pradesh. Since 37 years already lapsed and the further delay in this regard is detrimental to the environment as well as to the people of Bhopal, the Committee reiterate the earlier recommendation that the matter be brought to the notice of Chief Minister of Madhya Pradesh. A tripartite meeting of high level officers of the Ministry of Chemicals and Fertilizers, Ministry of Environment, Forest and Climate Change and the Government of Madhya Pradesh may also be arranged to resolve the issue over the table without further loss of**

time. In case no solution is found, the Union Government may explore the possibilities of taking necessary steps on its own for the immediate disposal of toxic waste. Progress made in this regard may be intimated to the Committee.

CHAPTER – II

OBSERVATIONS / RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. 1

BUDGETARY ALLOCATION FOR THE DEPARTMENT

2.1 In regard to Budgetary Allocation for the Department the Committee made the following recommendation:-

“The committee note that the Ministry of Finance was able to allocate only Rs.233.14 crore at BE stage for 2021-22 to the Department of chemicals and Petrochemicals against the requirement of Rs.276.60 crore by the Department. According to the Department, the pace of Developmental activities for New Scheme of Petrochemicals (NSP) & Central Institute of Petrochemicals Engineering and Technology (CIPET) is likely to be affected to some extent due to curtailment of BE to the tune of Rs.43 crore for the year 2021-22. During 2020-21, Rs.218.34 was allocated at BE stage and the same was increased to Rs.295.70 crore but the actual expenditure incurred by the Department was only Rs.219.87 crore on 29/01/2019. The enhancement of RE to Rs.295.70 crore during 2020-21 was mainly due to Rs.73.70 crore for interest free loan to Hindustan Fluorocarbons Ltd. (HFL) for paying liabilities towards VRS/VSS on account of closure of HFL as approved by Cabinet and Rs.50.00 crore as Grant-in- Aid General to Central Institute of Petrochemicals Engineering Technology (CIPET) for retaining its sustainability in the COVID-19 Pandemic. The pace of utilization of funds under the Heads for New Scheme of Petrochemicals and CIPET were not up to the mark during 2020-21. COVID-19 pandemic has been shown as reason for slow utilization of funds under these heads during the year. The Committee also note that the Ministry of Finance allocates funds at BE stage to the Department based on the expenditure trend in the last few years and according to the Medium Term Expenditure Frame work. Additional requirement, whenever required by the Department will be provided at supplementary/Revised Estimates (RE) stage. Hence, the Committee recommend that the Department take proactive steps for timely utilization of funds allocated under various Heads for 2021-22 so as to enable the Ministry of Finance allocate the rest of the funds required by the Department at RE stage of 2021-22 for the holistic implementation of its Schemes and programmes. It should also place proper and timely demand before the Ministry of Finance for allocation of rest of the funds required for developmental activities during 2021-22 at supplementary/RE stage. Moreover, the Committee feel that there is a strong need for further development of the chemical and petrochemical sector in the country in order to meet the requirements of this huge country but the present Schemes and programmes of the Department and the financial outlays for the same seems to be highly inadequate. The Committee, therefore, recommend that the Department should make a complete review of its Schemes and programmes in consultation with various stake holders and also study the successful models of other countries in this regard for making a

road map for the holistic development of the chemical and petrochemical industry in the country.”

Reply of the Government

2.2 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“NSP:- The Department was able to spend the entire amount of RE allocated for the FY 2020-21. The amount of spending was low due to the slowdown in progress due to COVID pandemic. As far as FY 2021-22 is concerned, the Department has released Rs.9.00 cr till May, 2021 as per the limits imposed by the DoE and chalked out a proper plan to utilize the entire B.E. in the FY 2021-22.

4.3 The Department has recently revised the Scheme guidelines for the Scheme of Setting up of Plastic Parks to make the scheme more efficient and attractive. Various changes have been made in the scheme to accommodate the inputs/views of various stakeholders. Further, the Department has also evaluated the scheme through Third Party Evaluation in order to identify gaps in the schemes and also remove the bottlenecks that causing the delay in the implementation of the scheme. The Department will further put in its best efforts to identify various successful international practices in the field of Petrochemicals.

CIPET:-

CIPET was committed to meet the assigned target in all the domains of its activities and programmes for the FY 2020-21. More focussed attention given in enhancing the students’ intake capacity, Skill development training programme, undertaking more number of Technology Support Services assignments and sponsored R&D projects in the emerging area of Polymer Science & Technology to enriched interface with industries/ elite institutions across the globe.

4.4 CIPET had proposed a budget of Rs.98.25 Crore for the 2020-21 at BE stage but received only an amount of Rs.96.30 Croreduring the year 2020-21. Due to Covid-19 impacts, CIPET had requested an amount of Rs.144.00 Crore as one time grant from Govt. of India for meeting the unavoidable minimum recurring expenditure for the year 2020-21. Against this demand, an amount of Rs. 50.00 Crore was sanctioned and released by Govt. of India as one-time Grant-in-Aid (General) duringFY 2020-21. CIPET has received the total RE of Rs.146.30 Crore (i.e Rs.96.30 Grants for CCA + Rs.50.00 GIA – General) during the year 2020-21 which were released and utilized by CIPET fully within the stipulated time frame.”

Comments of the Committee

(Please see Para No. 1.10 of Chapter – I of the Report)

Recommendation No. 2

BUDGETARY ALLOCATION FOR NEW SCHEME OF PETROCHEMICALS (NSP)

2.3 In regard to Budgetary allocation for New Scheme of Petrochemicals (NSP) the Committee made the following recommendation:-

“The Committee note that there are two sub schemes presently under New Schemes of Petrochemicals (NSP) viz. Setting up of Plastic Parks and Setting up of Centres of Excellence (CoEs). The Ministry of Finance has allocated Rs. 53.73 crore at BE 2021-22 for this Scheme against the proposal of the Department for Rs. 76.78 crore. During 2020-21, an amount of Rs.53.79 Crore was allocated at BE stage and the same was reduced to Rs.22.35 crore at RE stage but the Department could use only Rs.11.74 Crore as on 29/01/2021. According to the Department, the pace of expenditure during 2020-21 was slow due to the ongoing pandemic. This has resulted in Special Purpose Vehicles, which are engaged in setting up of plastic parks and CoEs, facing difficulties in completing their stipulated targets and hence failing to achieve the milestones required for being eligible for receiving further grants as per the respective scheme guidelines. However, the Ministry has assured the Committee that it would be in a position to spend the entire amount of R.E allocated for 2020-21. In this regard, the Committee hope that the Department would be able to chalk out a proper planning for the timely utilization of the funds allocated under this scheme for 2021-22 so that the demand for additional fund may be put before the Ministry of Finance at RE stage. The larger objective of the Plastic Parks scheme is to contribute to the economy by increasing investment, production, export in downstream Plastic Processing Sector and also generation of employment. CoE scheme aims at improving the existing petrochemicals technology and research in the country and to promote development of new applications of polymers and plastics. In view of the above, any fund crunch would be an impediment to the timely execution of these two sub schemes. During 2020-21, the Ministry of Finance resorted to fund reduction to the tune of 41.50 per cent at RE stage for this important scheme. In this regard, the Committee strongly recommend that the Ministry of Finance should carefully examine the funds requirements of the Scheme and allocate necessary funds for the Scheme at RE stage of 2021-22.”

Reply of the Government

2.4 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“ The Department was able to spend the entire amount of RE allocated for the FY 2020-21. The amount of spending was low due to the slowdown in progress due to Covid pandemic. As far as FY 2021-22 is concerned, the Department has released Rs.9.00 crore till May, 2021 as per the limits imposed by the Department of Expenditure and chalked out a proper plan to utilise the entire BE in the FY 2021-22. Any additional fund requirements at the RE stage will be notified to the Ministry of Finance.”

Comments of the Committee

(Please see Para No. 1.13 of Chapter – I of the Report)

Recommendation No. 4

FINANCIAL ASSISTANCE TO CIPET FOR LOSS OF REVENUE DUE TO COVID 19 PANDEMIC

2.5 In regard to Financial assistance to CIPET for loss of revenue due to Covid 19 Pandemic the Committee made the following recommendation:-

“Moreover, the Committee note that CIPET has resumed regular training courses through online mode for all the Long Term Courses and for skilling, offline courses are also started at few centres as per the operating guidelines of the respective States. CIPET is committed to generate an income of Rs.330.00 crore with the budgeted revenue expenditure of Rs.270.00 crore. However, CIPET has generated an income of only Rs.147.56 Crore till January, 2021 In this regard, the Committee recommend that the Department of Chemicals and Petrochemicals should assess fund requirements of CIPET for 2021-22 in view of the loss of revenue suffered due to non operation of regular courses due to COVID 19 pandemic and take steps for providing requisite amount of financial assistance at RE stage of 2021-22, if necessary.”

Reply of the Government

2.6 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“ CIPET had requested an amount of Rs.144.00 Crore as one time grant from Govt. of India for meeting the unavoidable minimum recurring expenditure for the year 2020-21. Out of Rs.144.00 Crore, an amount of Rs.50.00 Crore was sanctioned and released by Govt. of India as one-time Grant-in-Aid (General). The amount of Rs.50.00 Crore has been utilized for the purpose of meeting the unavoidable recurring expenditure of CIPET Centres.

2.5 CIPET has resumed regular training courses through online mode for all the Long Term Courses and for skilling, offline courses are also started at few centres as per the operating guidelines of the respective States.

2.6 However, the Department of Chemicals and Petrochemicals would assess fund requirements for CIPET for 2021-22 at RE stage, on receiving the request from CIPET for the same.”

Recommendation No. 5

IMPORT OF CHEMICALS AND PETROCHEMICALS

2.7 In regard to Import of Chemicals and Petrochemicals the Committee made the following recommendation:-

“The Committee are concerned to note the increasing volume of imports of chemicals and petrochemicals as imported products are cheaper than many indigenous products. The import of major chemicals and petrochemicals had risen to the tune of 14.4% of the total national imports during the period from April, 2020 to September, 2020 when compared to 11.1% during the period of 2019. On the one hand the Government is promoting the Idea of self-reliant India and on the other hand many domestic industries are facing losses/closures due to increasing cheaper imports of the products which in turn are depleting the domestic capacity. The Committee are, therefore, of the view that in the interest of Self-reliant India, the Government should provide appropriate safeguards to the domestic producers against the cheap imports, in line with WTO guidelines. In this regard, the Committee note that the Department on a consistent basis looks for measures to put both tariff as well as Non-Tariff barriers to protect the domestic industry. According to the Department, it has made the standards for the chemicals / petrochemicals mandatory to meet the BIS quality parameters for the exporters as well as for domestic manufacturers in respect of 34 chemicals and petrochemicals and for about 50 chemicals and petrochemicals the process is at different stages. The Department has also taken steps for rationalization of Basic Custom Duty (BCD) viz. BCD on basic feedstock/ building blocks is proposed to be kept at the minimum & on intermediates is kept moderately high. BCD on finished products is kept higher than that is applicable to intermediates. In the Finance Bill, 2021 it has been proposed that BCD on Naptha which is a basic feed stock decreased from 4% to 2.5% and it has also been decreased in some other materials like nylon chips. However, BCD has been increased on some other materials like Carbon Black, Poly Carbonates, Bis Phenol, etc. mainly to protect the domestic industry. Since it is very much necessary to safeguard the interests of domestic chemical and petrochemical units and also to develop the chemicals and petrochemical industry according to the increasing needs of the country, the Committee recommend the following:-

- (i) Concrete steps should be taken to realize the goals envisaged under Vision Statement 2024 which aims to seize the opportunity to establish India as a leading chemicals & petrochemicals manufacturing hub with the thrust on reduction in import dependency by attracting investments for manufacturing quality products.
- (ii) Two cracker units are likely to get commissioned by 2021-22, and one by 2023. A comprehensive assessment should be made on the requirements of cracker units for the country and necessary measures should be initiated for setting up of more cracker units in the country.

(iii) The Government should also look in to making the domestic industry more competitive by providing them cheaper raw materials and fuels so that they can compete with the prices in global market and the import bill on account of import of chemicals and petrochemicals be brought down.

(iv) Increase of Basic Custom Duty on some chemicals/petrochemicals has been proposed in Finance Bill, 2021 particularly to protect the interests of domestic manufacturers. In this regard, it is also necessary to take appropriate steps to ensure that the increase in BCD does not result in price rise of the end products which may affect the consumers.”

Reply of the Government

2.8 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“(i) Department of Chemicals and Petrochemicals has prepared a Vision 2024 Plan. To achieve the objectives of this plan, certain initiatives are being taken by the Department viz. strengthening of PCPIRs, incentives for mega investment, ensuring quality by formulating new standards and making those standards mandatory, Skilling & Employment generation, technology support services to SMEs, better trade intelligence with the creation of new HS codes for the products falling under “others” category appearing in ITC HS Code. An Advisory Forum as a permanent platform for interaction with industry has been created in the Department, to improve industry facilitation. Under Vision 2024, yearly targets have been set up and the progress made is reviewed at the end of every year to achieve the objectives of the Vision 2024 Plan within the stipulated period.

Also, apart from other investor awareness programs, the Department in association with the FICCI, organized the 11th edition of ‘INDIA CHEM’ during 17-19th March 2021 at New Delhi. The theme of the event was “India: Global Manufacturing Hub for Chemicals and Petrochemicals”. The event was also hosted on the digital platform along with the digital exhibition for the growth and development of the Chemical and Petrochemical sector.

(ii) Chemical sector plays an indispensable role in the industrial and agricultural development of the country. It contributes significantly to the economic development and growth of various key sectors such as construction, automotive, electronics, pharmaceuticals etc. Manufacture of most chemical products is delicensed and deregulated in India. Accordingly, in order to ensure better planning for the Petrochemical sector augmentation/expansion, The Department had initiated work on the preparation of “Perspective Plan for the Petrochemical industry” to highlight the likely demand-supply scenario over the next 15-20 years and to present options to bridge the gap between domestic demand and supply.

Rationalization of customs duty structure of chemical products has been a longstanding demand of the chemical industry. To address this issue, Budget 2021- 22 has proposed revision of customs duty of several

chemical products which will boost the domestic chemical industry making India 'AtmaNirbhar' in chemical sector.

Customs duty on some of the key raw materials such as Naphtha is reduced to 2.5% to enhance competitiveness of domestic manufacturing units. Additionally, customs duty has been increased on some chemical & petrochemical products to support optimum utilization of domestic capacity and attract large scale investments in establishing new manufacturing units for these chemical products.

(iii) In order to curb imports, for creation of new capacity and to promote investment; DCPC recommends for change in custom duty on important petrochemicals. Increase in custom duty will help to reduce imports and encourage establishing domestic capacities and for production of downstream chemicals (other than polymers). Department has also prepared Production Linked Incentive scheme by providing financial support to domestic industry to boost domestic manufacturing for various chemicals and petrochemicals products and recommended for further course of action.

Presently, BIS standards of majority of chemicals are voluntary in nature. Sometimes, inferior and spurious chemicals are imported into India, which do not meet the quality requirements as per BIS standards. These chemicals may be hazardous to human health and environment. To overcome this problem, DCPC has initiated an exercise to make BIS standards as mandatory under Section 16 of BIS Act, 2016, so that both domestic manufacturers and overseas suppliers meet the BIS standards to ensure adequate safety to human & animal health and environment. Accordingly, Department has made BIS Standards mandatory for 44 chemicals & petrochemicals and issued Quality Control Orders in this regard.

(iv) Import duty on Naphtha which is the basic raw material for production of major petrochemicals, has been reduced from 4% to 2.5%. The decreased custom duty on naphtha is likely to further improve the utilization of crackers resulting in availability of cost competitive olefins and aromatics. Low cost naphtha will also make a way into the availability of ethylene and propylene for petrochemical intermediates in value chain, further boost to the production of major basic petrochemicals."

Comments of the Committee

(Please see Para No. 1.20 of Chapter – I of the Report)

Recommendation No. 6

Chemical Promotion and Development Scheme (CPDS).

2.9 In regard to Chemical Promotion and Development Scheme (CPDS) the Committee made the following recommendation:-

“The Committee note that Chemical Promotion and Development Scheme (CPDS) envisages promotion and development of Indian chemicals and petrochemicals industry by providing grants-in-aid and logo support to Industry Associations for organizing seminars, workshops, conferences, etc. Funds for CPDS are being used for two purposes viz. (i) knowledge creation & other promotional activities like study, exhibition, workshop, etc. and (ii) National Awards for Technology Innovation in Petrochemicals and downstream Plastic Processing Industry. The Department has been allocated Rs. 3.00 crore for this scheme in BE 2021-22 as proposed by the Department. The Committee are of the view that this scheme should be implemented at a much larger scale for the promotion and development of Indian chemicals and petrochemicals industry particularly to attract foreign entrepreneurs to invest in India by showcasing country’s ease of doing business environment and the facilities being offered for investment in the country. Further there is a need for encouraging innovation in Petrochemicals and downstream Plastic Processing Industry by increasing the number of winners and runner ups for National Awards for Technology Innovation. The Committee, therefore, recommend that the Department should take necessary steps to widen the scope of this Scheme for the promotion and development of the Scheme on a large scale. Moreover, the Department should also examine the adequacy of present level of budget allocation of Rs.3 Crore or so for the large scale promotion and development of this crucial sector and take necessary action for the allocation of requisite amount of funds for the Scheme.”

Reply of the Government

2.10 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“The funds allocated under the CPDS are utilized for promotion and development of chemical and petrochemical sector by extending soft support to the industry associations, organizations, Govt. institutions, etc. for organization of seminars/ conferences/ summits, etc. An Internal Committee was constituted in the Department for the evaluation of the scheme. The Committee has made the following major recommendation:-

(i) Department may explore the possibilities of roping in more industry associations to widen the scope of the Scheme through publicity;

(ii) A Committee may be constituted by the Department for providing national awards in Chemicals sector. The awards in Chemical Sector may be implemented through suitable organization/PSUs/ABs/ association.

(iii) Certain categories may be identified for the National Awards for MSME sectors.

1.20 The report of the Committee is under consideration of the Department for extending the scheme for another period of 5 years and to revise the existing guidelines to the extent feasible. The recommendations of the Committee will widen the scope of the scheme.

Further, a National Level Committee has been constituted under the Chairmanship of Secretary (C&PC) for steering the research in the Chemicals Petrochemicals sector with CIPET as its Secretariat. If required, the financial support for the Secretariat of the National Level Committee will be provided through CPDS. Keeping in view the recommendations of the Internal Committee and the constitution of National Level Committee, Department has proposed to increase the budget allocation under the scheme from Rs.3.00 crore to Rs.8.00 crore for the current FY and onwards. For extending the Scheme up to 2026, the appraisal proposal along with the report of the Internal Committee is under consideration of the Department.”

Further Comments of the Committee

2.11 The Committee note that funds allocated under the Chemical Promotion and Development Scheme (CPDS) are utilized for promotion and development of Chemical and Petrochemicals sector by extending soft support to the industry associations, organizations, Government Institutions for organization of seminars/conferences/summits etc. For the evaluation of CPDS an Internal Committee was constituted by the Ministry which inter-alia made certain recommendations like exploring the possibilities of roping in more industry associations to widen the scope of the CPDS, Constitution of a Committee for providing national awards in Chemicals sector and identification of certain categories for the National Awards for Micro Small and Medium Enterprises (MSME) sector. These recommendations are stated to be under consideration of the Ministry for extending the CPDS for another five years term and also to revise the existing guidelines. The Committee further note that another National level Committee has also been constituted by the Ministry for steering the research in the Chemical, Petrochemicals Sector of the country. Based on the recommendation of the internal Committee as well as keeping in view the Constitution of the National level Committee the Ministry had proposed to increase the budget allocation for CPDS from Rs. 3.00 crore to Rs. 8.00 crore. However, for extending the scheme for a term of five years i.e upto 2026, the appraisal proposal as well as the recommendations of the internal Committee, are under consideration of the Ministry. The Committee therefore recommend that the matter may be expedited and a decision regarding extending the CPDS scheme be taken at the earliest for the promotion and development of the CPDS on a large

scale and also for encouraging innovation in Petrochemicals and Plastic processing industry in the country.

Recommendation No. 10

PLASTIC WASTE MANAGEMENT CENTERS (PWMCS).

2.12 In regard to Plastic Waste Management Centers (PWMCS) the Committee made the following recommendation:-

“The Committee note that Plastic Waste Management Centres are being set up in four Central Institute of Petrochemicals Engineering and Technology (CIPET) Centres in Ahmedabad, Bengaluru, Patna, and Varanasi generating 241.50, 313.87, 12.60 and 25.92 tonnes/day plastic waste with the total Project cost of Rs. 24 crore and with the Government of India’s contribution of Rs. 21.60 crore therein. All the 4 PWMCS is expected to be functional by the end of FY 2021-22. The basic objectives of setting up of these PWMCS are Segregation / sorting, cleaning and recycling of plastic waste, product development for economic aspects, develop skill manpower for plastic recycling industries etc. The Committee note that the plastic waste have become one of the most pressing environmental issues as rapidly increasing production of disposable plastic products overwhelms country’s ability to deal with them. According to a Central Pollution Control Board (CPCB) report (2018-19) the total annual plastic waste generation in India is 3.3 million metric tonnes per year. It is also noted that there are many cities like Delhi, Mumbai, Chennai, Kolkata which are generating much more plastic waste than other cities and where no PWMCS have been set up. Since PWMCS at CIPET Centres in four cities may not be adequate, the committee recommend that the number of these PWMCS should be increased and PWMCS should be set up in all CIPET centres across the country to manage the issue of plastic waste management. The possibility of setting up of PWMCS in other cities and towns where there is no CIPET centre should also be explored and initiative should be made to open PWMCS in all cities and towns, giving priority to those cities which are generating more plastic waste, in coordination with State Governments. Budget allocation for the purpose should be increased proportionately. “

Reply of the Government

2.13 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“Total budget of Rs.24.00 Crore (an amount of Rs.21.60 Crore from Govt. of India and Rs.2.40 Crore from CIPET) has been allocated for PWMCS. An amount of Rs.11.60 Crore has been allocated in the B.E 2021-22, out of total budget of Rs.117.88 Crore allocated to CIPET for the year 2021-22.

The Plastic Waste Management Centres proposed to be set up are (i) Ahmedabad, (ii) Bengalure, (iii) Patna, and (iv) Varanasi.

CIPET centres are in coordination with local State Govt. for allotment of identified land at Ahmedabad, Bengaluru, Patna & Varanasi and the allotment of land is delayed due to Covid-19 pandemic situation.

Setting up of more PWMCs will be taken up by the Department of Chemicals and Petrochemicals on the successful completion of these PWMCs and on receiving the proposal from CIPET for the same.”

Comments of the Committee

(Please see Para No. 1.26 of Chapter – I of the Report)

Recommendation No. 11

Development of Environmental Friendly Pesticides by IPFT

2.14 In regard to Development of Environmental Friendly Pesticides by IPFT the Committee made the following recommendation:-

“ The Committee note that Institute of Pesticides Formulation Technology (IPFT) is the only Institute of its kind in the country devoted to the development of state-of-the-art user and environment friendly new generation pesticide formulation technologies. An allocation of Rs.12 Crore has been made for IPFT in BE 2021-22 which is more than the RE allocation of Rs.10.50 Crore for 2020-21. It is also noted that Rs. 8.98 crore has already been spent by the IPFT by 29 January 2021. The Committee hope that the remaining amount would be utilized by the end of FY 2020-21. According to IPFT, the conventional formulations Emulsifiable Concentrate (EC), Soluble Concentrate (SL), Wetttable powder (WP), Dust (DP), and Granules (Gr.) give sufficient bio-efficacy but have shortcomings in respect of safety to mammals, non target organisms and environment. To control the target pests, high amounts of conventional formulations are used, which cause environmental contamination, health hazards to the farmers and pesticide residue problem in food products. In this regard, IPFT has developed many environmental and user friendly pesticide formulations. The Committee are of the view that a major thrust be given on the development of safer and environmental friendly pesticides in the interest of human/animal health and safer environment. Even though the Committee understand that increasing agricultural output is necessary but health and welfare of human and other living beings which are affected by the harmful pesticides should be accorded top priority by the Government. The Committee, therefore, recommend that more Centres of IPFT should be set up in various regions of the country to cater to the requirements of those regions and appropriate corresponding Budgetary allocation be given for the same.”

Reply of the Government

2.15 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“The grant released during the year 2020-21 was fully utilized by the Institute of Pesticide Formulation Technology {IPFT, Gurugram}. IPFT has made efforts for developing environment and user friendly bio-pesticides and the research (work) in progress. This will lead to development of environmentally benign agrochemical products for the control of agricultural pesticide and reducing the load of pesticides in the agro-ecosystem and environment. To minimize the risks and disadvantages of conventional formulations, IPFT is developing following types new generation pesticide formulations and bio-botanical formulations for safety of human health and environment:

(i) In collaboration with ICAR- National Research Centre for Seed Spices (NRCSS), Ajmer, formulation of different bio-botanical pesticides are being developed. The formulation development work is being done by IPFT and bio-efficacy studies on seed spices crops are conducted by ICAR-NRCSS. The Nano-emulsion formulation of Pine wood resin has been recently developed. The bio-efficacy studies results indicate that the formulation is very effective in management of aphids in coriander, fenugreek and cumin crops. The work for developing bio-pesticide formulations from Guar seed (Cluster Beans) extract and Aak (*Calotropis gigantea*) for agricultural insect control applications is under progress.

(ii) The work for developing the formulations for controlling Orobanch weeds, which is a serious threat to mustard crop has been started in collaboration with ICAR-Directorate of Rapeseed Mustard Research (DRMR), Bharatpur. The samples of new formulations have been sent for bio-efficacy evaluation at ICAR-DRMR.

(iii) Microbial pesticide based combination formulation for agricultural insects and mosquito control applications is on progress. The development work on slow release formulation of Pyriproxyfen for mosquito larvae control and Penconazole Nano-emulsion formulation for fungal disease control in plants has been initiated.

(iv) During last few years, Locust spread across different regions in India and in-spite of measures taken for its control, it devoured various crops and caused serious agricultural damages. Locust pose serious threat to agriculture and all possible steps are being taken to find effective solutions to this serious problem. IPFT has also started development of synthetic and bio-botanical based formulations for Locust control.

Opening of new Centres of IPFT in different regions of the country

2.16 The Institute of Pesticide Formulation Technology (IPFT) has submitted a draft proposal to the Department of Chemicals & Petrochemicals for establishment of four (04) new Advanced Research Centres of IPFT at Lucknow (Uttar Pradesh), Bengaluru (Karnataka), Dahej (Gujarat) and Guwahati

(Assam). The Department has requested the concerned State Governments to get the proposal examined and accord in principle approval for establishment of IPFT Centres.”

CHAPTER – III

OBSERVATION / RECOMMENDATION WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLY

Recommendation No. 13

BHOPAL GAS LEAK DISASTER (BGLD) - COMPENSATION TO THE VICTIMS

3.1 In regard to Bhopal Gas Leak Disaster (BGLD) - Compensation to the Victims the Committee made the following recommendation:-

“ The Committee note that BE 2021-22 for the BGLD is Rs 22.06 crore out of which 14.9 crore has been estimated for Action Plan and 7.06 crore for the Welfare Commissioner Establishment which comprises of Salaries, wages, Office expenses etc. of the Establishment of the Welfare Commissioner. Thus, nearly 2/3rd of the BE is for compensation of the victims of BGLD and 1/3rd for the Welfare Commission Establishment. Even after 36 years of the disaster the compensation process for the victims has still not been completed. The Committee are of the view that the process of paying compensation to the victims should be completed in a time bound manner and it should not be a never-ending process. The Committee, therefore, recommend that Department should look into the matter and take necessary steps for the early completion of the compensation process so that the Bhopal gas victims need not wait indefinitely for the compensation.”

Reply of the Government

3.2 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“ Office of the Welfare Commissioner, Bhopal Gas Victims, Bhopal has disbursed an amount of Rs.1549.33 crore as original compensation in 5,74,393 awarded cases, Rs.1517.89 crore as pro-rata compensation in 5,63,124 awarded cases and Rs.854.64 crore in 51,127 awarded cases under Ex-gratia. As per decision of Cabinet in June, 2010, a sum of Rs.179 cr was sanctioned for 12,000 cases (10550 cancer and 1450 ESRD). Further, approval for additional 300 cases @ Rs.1.5 Lakh amounting to Rs.4.50 crore under ESRD category has been given during FY 2020-21. The applications claiming ex-gratia are still being received. A total of 22,135 applications (15,617 Cancer and 6518 ESRD) have been received till 31.05.2021. As the claims being received on regular basis, no cut-off date has been fixed for receiving these applications.

2.18 The claims filed by the victim are decided through Judicial Procedure under the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985 and the Scheme framed there under, which provides the claimants the right to appeal. If the claimant is not satisfied with the decision of Dy. Welfare Commissioner, he is entitled to file an appeal as well as revision under the Act, in the Courts of Addl.

Welfare commissioner/Hon'ble Welfare Commissioner, as also before the High Court of Madhya Pradesh seeking change of Category under the scheme, which were decided by the above Authorities on the basis of medical evidence. The pending appeals/revisions in various courts are indicated below:-

(As on 27 th May, 2021)	
Appeal Court (Addl. Welfare Commissioner)	923
Revisional Court (Welfare Commissioner)	550
High Court of MP/Supreme Court	21

2.19 Unless these appeals/revisions are decided by competent Court, it is not feasible to fix the cut-off date for settlement of Ex-gratia gas claims. The adjudication of these cases has resulted in increase of cases in the Permanent partial Disability Category, after the commencement of ex-gratia Scheme. Due to the above reasons, no time frame can be given for settlement of all claims.”

CHAPTER – IV

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

RECOMMENDATION NO. 3

CENTRAL INSTITUTE OF PETROCHEMICALS ENGINEERING TECHNOLOGY (CIPET) - REQUIREMENT OF ADDITIONAL FUNDS.

4.1 In regard to Central Institute of Petrochemicals Engineering Technology (CIPET) - Requirement of additional funds the Committee made the following recommendation:-

“The Committee note that Central Institute of Petrochemicals Engineering Technology (CIPET) is a premier national Institution fully devoted to skill development, technology support, academic and research activities for the growth of polymer and allied industries in the country. CIPET conducts different long term training programs including undergraduate, post graduate and doctoral programmes and also conducts vocational skill development programmes in the entire gamut of Petrochemicals Engineering Technology in line with the Skill India Mission of the Government of India. CIPET has been operating on self-sustainable mode since 2008-09 onwards and the Government of India provides funds only for strengthening CIPET's civil and technical facilities. CIPET was allocated Rs.98.25 Cr at B.E. 2020-21. However, due to lockdown in the country for Covid-19, the Institute could not continue its various activities such as regular courses, etc. and suffered loss of revenue. Therefore, it proposed a one-time grant of Rs.144.00 crore from the Govt. However only an amount of Rs.50.00 crore was agreed to by Ministry of Finance at RE 2020-21 and the overall Budget allocation for CIPET was enhanced to Rs. 146.30 crore at RE 2020-21. Against the requirement of Rs. 134.46 crore for 2021-22, only Rs. 117.88 crore has been allocated in BE 2021- 22 for CIPET. Since CIPET is providing yeoman service to the nation in the field of petrochemical engineering technology, the Committee feel that it is necessary to allocate the requisite funds for its infrastructural and technical development. The Ministry of Finance should encourage further such successful models with the allocation of suitable funds for further development. The Committee, therefore, recommend that the Ministry of Finance should consider allocating the additional fund requirement of Rs.16.58 crore to CIPET at R.E. stage during 2021-22.”

Reply of the Government

4.2 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“ CIPET proposed a budget of Rs.134.45 Crore for the FY 2021-22, however, an amount of Rs.117.88 Crore has been allocated to CIPET at BE stage for 2021-22 which will be utilized as per the details given below;

(Rs. in crores)

Scheme etc.	Allocated 2021-22
Enhancing capabilities in Academics and Skill Development at CIPET	96.87
Enhancing capabilities in R&D and Technology Support at CIPET	21.01
TOTAL	117.88

The amount of Rs.117.88 Crore is lesser than the projected requirement to meet the execution of existing schemes for the current year. This may affect the construction of Hostels, procurement of plant & machinery, planned training programme with consequent effect of less skill development training.”

Comments of the Committee

(Please see Para No. 1.17 of Chapter – I of the Report)

Recommendation No. 8

DELAYS IN SETTING UP OF PLASTIC PARKS

4.3 In regard to Delays in setting up of Plastic Parks the Committee made the following recommendation:-

“The Committee are not satisfied at the pace with which the Plastic Parks scheme is being implemented by the Department of Chemicals and Petrochemicals. The scheme aims at setting up of need based plastic parks, an ecosystem with state-of-the-art infrastructure and enabling common facilities through cluster development approach, to consolidate and synergize the capacities of the domestic downstream Plastic Processing Industry. Under the scheme, the Government of India provides grant funding up to 50% of the project cost, subject to a ceiling of Rs. 40 crore per project. The remaining project cost is funded by the State Government or State Industrial Development Corporation or similar agencies of State Government, beneficiary industries and loan from financial institutions. Under the Scheme, 7 Plastic Parks have been given final approval and 3 Plastic Parks have been given “in-principle” approval. These parks are under various

stages of implementation. This Scheme was started in 2013, but none of these plastic parks have become fully functional due to slow development of infrastructure at these parks and other reasons. 100% physical progress of the park has been completed only in respect of Tamot, Madhya Pradesh and it is 95% completed in respected of Paradeep, Odhisha. Since it is necessary to complete the work in a time bound manner, the Committee recommend that while granting approval for the parks, the Department should put strict timeframe for the state governments for initiation and completion of different stages of work in the park and if any State Government/SPV is unable to adhere to the timeframe, it has to withdraw from the Scheme so that delay in execution may be avoided and cost over runs which occur due to such delays may also be avoided. Further, the Committee recommend that the Department should review progress of all the ten parks approved in various states on monthly basis and problems/difficulties associated with each park should be resolved in a time bound manner for the complete setting up and full-fledged functioning of each of the parks.”

Reply of the Government

4.4 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“The issue of slow progress is ascertained on regular basis by the Department. The issues are regularly raised by DCPC during various meetings with all the stake holders. Some of the remedial steps taken:

- i. As per Scheme guidelines, a Scheme Steering Committee has been constituted under the chairmanship of Secretary (C&PC) which meets at regular intervals and monitors the progress made by the Plastic Parks.
- ii. As per Scheme guidelines, Programme Manager is also responsible for monitoring the progress and furnish regular reports to the Department.
- iii. The Department also monitor progress of plastic parks regularly for which progress reports are being received from SPV of respective plastic parks, which are then analysed and appropriate directions are being given to SPVs time to time.
- iv. The Department has further revised the Scheme Guidelines to make the scheme more efficient and comprehensive.”

Comments of the Committee

(Please see Para No. 1.23 of Chapter – I of the Report)

Recommendation No. 14

BHOPAL GAS LEAK DISASTER (BGLD) - REMOVAL OF TOXIC WASTE.

4.5 In regard to Bhopal Gas leak disaster (BGLD) - Removal Of Toxic Waste the Committee made the following recommendation:-

“The Committee take a serious view that there is a huge pile of toxic waste still lying at the UCIL site even after 36 years of the Bhopal Gas Leak Disaster. It could not be disposed of due to one reason or another. The toxic waste may contaminate the ground water and is a potential health hazard for the people living in the area. In this regard, the Committee note that a trial run was taken under the direction of Hon'ble Supreme Court to incinerate 10 metric tons of about 350 metric tons of waste lying in the site and that was successfully done. In this regard, the Committee note that It was decided that the Government of Madhya Pradesh should dispose of the remaining waste on the same line. State Government has to float a tender to get a party to incinerate all the toxic waste. According to the Department, this has not really happened even after repeated persuasion and follows up with the State Government. In this context, the Committee feel that the non-disposal of toxic waste even after 36 years of tragedy indicate the lackadaisical attitude of both the Union and State Governments towards this potential danger which has already played havoc among the people of Bhopal. The Committee, therefore, strongly recommend that the Department should take up the matter of disposal of remaining toxic waste lying at the UCIL site and the remediation of the site with the state government at Chief Minister's level and the sentiments expressed by this Committee may also be intimated to him so as to complete the task by the year 2022 positively. In case, the State Government is not forthcoming, the Union Government should take necessary steps for the immediate disposal of toxic waste lying at the UCIL site of the Bhopal Gas Leak Disaster.”

Reply of the Government

4.6 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“Department of Chemicals & Petrochemical has been continuously taking up the matter with the Govt. of Madhya Pradesh. In this regard, the matter has been discussed in Review Meetings held on 17.2.2016, 3.8.2016, 7.2.2017, 6.9.2017, 23.3.2018, 2.7.2018, 9.1.2019, 28.8.2019 and 9.12.2019. Letters dated 27.9.2016, 20.11.2017, 11.5.2020, 19.8.2020 and 16.12.2020 were also written to GoMP to prepare a comprehensive proposal including an execution plan for disposal of the remaining waste at the UCIL site and send to this Department with the consent of M/o Environment, Forest & Climate Change. Despite these efforts no response has been received from GoMP so far.

Recently, as directed by Hon'ble Minister(C&F), a Review Meeting was held under the Chairmanship of Secretary(C&PC) on 25.3.2021 to discuss the various issues including issue related with remediation of toxic waste at UCIL site, Bhopal.

Govt. of Madhya Pradesh was once again requested to prepare a comprehensive proposal with an execution plan for disposal of the remaining waste at the site. Once, the GoMP prepares the plan and selects the operator for disposal of the toxic waste and communicates the same to M/o EF&CC, the Oversight Committee under the Chairmanship of Hon'ble Minister (EF&CC) will endorse the proposal and request Department of Expenditure for release of funds to GoMP for disposal of UCIL waste. Alternatively, if required, the un-utilized funds available with GoMP under various components of New Action Plan may be re-appropriated for this purpose.

Further, Hon'ble Minister(C&F) has also written a letter to Hon'ble Minister (Medical Education & Bhopal Gas Tragedy Relief and Rehabilitation), Government of Madhya Pradesh on 5.5.2021 to instruct the concerned officials in his Department to expedite the matter, so that further necessary action may be taken up by this Department.”

Comments of the Committee

(Please see Para No. 1.29 of Chapter – I of the Report)

CHAPTER – V

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

Recommendation No. 7

NATIONAL AWARD FOR TECHNOLOGY INNOVATION

5.1 In regard to National award for Technology Innovation the Committee made the following recommendation:-

“The Committee note that the Department of Chemicals and Petrochemicals is implementing an award scheme to provide incentive for meritorious innovations & inventions in various fields of petrochemicals and downstream plastics processing industry. The scheme aims at incentivizing meritorious innovations and institutions in petrochemicals and downstream plastics processing industry by giving awards to each of these innovations. Presently, the Scheme is being operated as sub-scheme of the Chemicals Promotion and Development Scheme. The National Awards for Technology Innovation are given in various categories for innovation in areas such as Polymeric Materials, Polymeric Products, Polymer Waste Management and Recycling Technology and related areas. The prize money for winners is Rs. 3 Lakhs and Rs. 1 Lakh for the runner- ups. The Committee note with dissatisfaction that the number of winners and runners up are coming down during the last few years. In 2015-16, 17 winners and 14 runners up were awarded and the same came down to 4 winners and 9 runners up in 2019-20. In this regard, the Committee recommend the following:-

(i) the Department should review the Scheme guidelines so as to give more awards on liberal terms so as to encourage more people to come forward for innovation in the field;

(ii) steps should be taken for increasing publicity on these awards so that more persons engaged in research and development in this field benefitted of the Scheme apply for these awards.

(iii) Quantum of price money for winners and runners up may be increased so as to award befittingly the innovators and the budgetary allocation for the Scheme may enhanced accordingly.”

Reply of the Government

5.2 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“The Department has already constituted an Expert Committee for revision of the Scheme Guidelines of the National Awards scheme and committee will submit their

recommendation soon. The Department is also considering the suggestions and directions issued by the Central Awards Support Unit (CASU) of the Ministry of Home Affairs in order to promote the National Awards.”

Recommendation No. 9

CENTRES OF EXCELLENCE (COE) IN POLYMER TECHNOLOGY

5.3 In regard to Centres of Excellence (COE) in Polymer Technology the Committee made the following recommendation:-

“The Committee note that the scheme aims at improving the existing petrochemicals technology and research in the country and to promote development of new applications of polymers and plastics. In phase-I of the Scheme implemented up to the 2017, the Government of India provided financial support to the extent of maximum of 50% of the total cost of the project subject to an upper limit of Rs. 6 Crore over a period of 3 years. The Scheme was extended upto year 2020 with modified guidelines in 2016-17, which aim at promoting applied research and technology transfer from Lab to Industry and funding of Rs. 5 crore per CoE. So far, eleven Centres of Excellence (CoE) within the premises of reputed educational/research institutes are approved and established. The Committee are glad to learn that these CoEs are making immense contribution in Research and Development in Polymer Technology and technology transfer to the industries. The Committee note the various achievements made at these CoEs such as:-

- Development of Light weight sustainable bio composites from long and short fiber reinforced composites and nano composites for fuel efficient automobiles.
- Development of Nano enhanced structural hybrid composites from natural fiber derivatives.
- Catalyst development for newer class of meta-stable polyethylene's.

The Committee are of the firm view that the investments in scientific advancement and R&D are the most important drivers of economy, as they lead to creation of wealth. Any new R&D or innovation that occurs in a nation drives production of completely new commodities and industries that creates wealth, jobs and improves living standards. In view of the above the Committee recommend that this scheme should be continued and even expanded to other reputed research institutes which are willing to work in the field of polymer technology. The Committee also recommend that separate budgetary allocation should be made for the Research and Development efforts of the Department of Chemicals and Petrochemicals.

Reply of the Government

5.4 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“ The continuation and expansion of the Scheme for setting up of Centres of Excellence is under consideration. The suggestion regarding separate budgetary allocation for the Research and Development is appreciated and the same will be put forward to the Ministry of Finance.”

Recommendation No. 12

HINDUSTAN ORGANIC CHEMICALS LIMITED(HOCL)

5.5 In regard to Hindustan Organic Chemicals Limited (HOCL) the Committee made the following recommendation:-

“The committee note that Rasayani unit of Hindustan Organic Chemicals Limited (HOCL) was closed down under HOCL’s restructuring plan. However, disposal of unencumbered land assets of HOCL at Rasayani (Maharashtra) has been delayed due to various reasons. So far, out of total of approx. 684 acres of land approved by the Govt. for sale to BPCL, sale & registration of only about 374 acres have been completed. Sale of balance approx. 310 acres land has been affected by law & order situation due to protests by the local villagers to fencing of the purchased land by BPCL and their demand for compensation. A Committee under Divisional Commissioner, Konkan, constituted by the Maharashtra Govt. to address the concerns and demands of villagers in respect of remaining HOCL land for sale to BPCL has submitted its report to State Government. Decision of the State Govt. on the said report is awaited. In this regard, the Committee recommend that the Department should take up this matter with the State Government at the highest level so that the issue is resolved at the earliest. The Committee would also like to know the response of the State Government in this regard.”

Reply of the Government

5.6 In reply to the above recommendation of the Committee, the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals has stated as under:-

“Secretary, DCPC had a meeting with Chief Secretary, Government of Maharashtra along with other Revenue authorities and BPCL through Video Conferencing on 12/04/2021. The issues in respect of sale of HOCL land at

Rasayani & Panvel were discussed in detail. Chief Secretary, Govt. of Maharashtra assured that the decision in the matter will be conveyed. However, the decision of Govt. of Maharashtra is still awaited.”

New Delhi;
16 November, 2021
25 Kartika, 1943 (Saka)

Kanimozhi Karunanidhi
Chairperson,
Standing Committee on
Chemicals and Fertilizers

**MINUTES OF THE FIRST SITTING OF THE
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2021-22)**

The Committee sat on Tuesday, the 16th November, 2021 from 1500 hrs. to 1700.hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

**K. KANIMOZHI - CHAIRPERSON
MEMBERS**

LOK SABHA

2. Shri Dibyendu Adhikari
3. Shri Prataprao Patil Chikhlikar
4. Shri Kripanath Mallah
5. Shri Parbhubhai Nagarbhai Vasava
6. Shri Satyadev Pachauri
7. Shri Arun Kumar Sagar
8. Shri Pradeep Kumar Singh
9. Shri Uday Pratap Singh

RAJYA SABHA

- 10 Shri Ayodhya Rami Reddy Alla
- 11 Shri G.C.Chandrashekhar
- 12 Dr. Anil Jain
- 13 Shri Anthiyur P. Selvarasu
- 14 Shri Arun Singh

SECRETARIAT

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|----|-------------------------|---|---------------------|
| 1. | Shri N. K. Jha | - | Director |
| 2. | Shri C. Kalyanasundaram | - | Additional Director |
| 3. | Shri Kulvinder Singh | - | Deputy Secretary |
| 4. | Shri Panna Lal | - | Under Secretary |

2. At the outset, the Chairperson welcomed the Members to the newly constituted Committee and apprised them that the sitting has been convened to consider Memorandum No.1 regarding selection of subjects for examination during the year (2021-22) and also to discuss the future course of action of the Committee during the tenure.

3. The Committee then considered Memorandum No. 1 and after discussion selected the following subjects pertaining to the Ministry of Chemicals and Fertilizers for detailed examination during 2021-22:-

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

1. Nano-fertilizers for sustainable crop production and maintaining soil health.
2. Tax structure on fertilizers sector in terms of GST and import duties – analysis of the tax structure of raw material and final products and its impact on self-sufficiency and use of fertilizers.
3. Prices, Availability and distribution of fertilizers.

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

4. Vision 2024 - To establish India as a leading manufacturer of chemicals and petrochemicals.
5. Insecticides – promotion and development including safe usage - licensing regime for insecticides.
6. Disposal of toxic waste from Bhopal Gas Leak site.
7. Environmental Impact of Petrochemical products.

**III. MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF PHARMACEUTICALS)**

8. Promotion of Medical Device Industry.
9. Availability of Medicines and Medical devices for COVID Management.
10. Self sufficiency of key starting Material and intermediates.

4. The Committee then considered and adopted the following draft Action Taken Reports unanimously without any amendment/change:-

- | | | | |
|------|---|-----|-----|
| i. | XXX | XXX | XXX |
| ii. | XXX | XXX | XXX |
| iii. | ATR on the recommendations/observations of the Committee contained in the Nineteenth Report on “Demands for Grants (2021-22)” (Department of Chemicals and Petrochemicals). | | |
| iv. | XXX | XXX | XXX |
| v. | XXX | XXX | XXX |
| vi. | XXX | XXX | XXX |
| vii. | XXX | XXX | XXX |

5 The Committee also authorised the Chairperson to finalize and present the Action Taken Reports to the Parliament in the ensuing session.

The Committee then adjourned.

(Vide Para-3 of Introduction to Report)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SIXTEENTH REPORT (SEVENTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS ON THE SUBJECT 'DEMAND AND AVAILABILITY OF PETROCHEMICALS INCLUDING IMPORT AND EXPORTS ' OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF FERTILIZERS)

I	Total No. of Recommendations	14
II	Observations / Recommendations which have been accepted by the Government: (Vide Recommendation Nos. 1,2, 4, 5, 6, 10 and 11)	7
Percentage of Total		50.0%
III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply:- (Vide Recommendation No. 13)	01
Percentage of Total		7.2%
IV	Observations / Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration:- (Vide Recommendation No. 3, 8 and 14)	03
Percentage of Total		21.4%
V	Observations / Recommendations in respect of which final replies of the Government are still awaited: (Vide Recommendation No. 7, 9 and 12)	03
Percentage of Total		21.4%
Total		100%