



**STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS
(2012-13)**

FIFTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2012-2013)**

[Action Taken by the Government on the Observations/Recommendations contained in the Twenty-Sixth Report of the Standing Committee on Chemicals and Fertilizers (Fifteenth Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]



THIRTY FIRST REPORT

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2012/ Agrahayana 1934, (Saka)

REPORT**STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS
(2012-13)****FIFTEENTH LOK SABHA****MINISTRY OF CHEMICALS AND FERTILIZERS
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)****DEMANDS FOR GRANTS
(2012-2013)**

*[Action Taken by the Government on the Observations/Recommendations
contained in the Twenty Sixth Report of the Standing Committee on Chemicals and Fertilizers
(Fifteenth Lok Sabha) on Demands for Grants (2012-13) of the
Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]*

Presented to Lok Sabha on 17.12.2012

Laid in Rajya Sabha on 17.12.2012



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2012/Agrahayana, 1934 (Saka)

CONTENTS

		Page No.
COMPOSITION OF THE COMMITTEE (2012-13)		
Introduction.		
Chapter I	Report	
Chapter II	Observations / Recommendations which have been accepted by the Government	
Chapter III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's replies	
Chapter IV	Observations / Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration	
Chapter V	Observations / Recommendations in respect of which replies of the Government are of interim nature	
APPENDICES		
I.	Minutes of Fourth Sitting of the Standing Committee on Chemicals & Fertilizers (2012-13) held on 10 December 2012	
II.	Analysis of Action Taken by the Government on the recommendations contained in the Twenty Sixth (15 th Lok Sabha) of the Standing Committee on Chemicals & Fertilizers (2011-12) on 'Demands for Grants (2012-2013)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).	

**COMPOSITION OF THE STANDING COMMITTEE ON
CHEMICALS & FERTILIZERS (2012-13)**

Shri Gopinath Munde - Chairman	
MEMBERS	
LOK SABHA	
2.	Shri S. Alagiri
3.	Shri Gajanan D. Babar
4.	Shri P.P. Chauhan
5.	Shri K.D. Deshmukh
6.	Shri Sher Singh Ghubaya
7.	Shri Radadiya Vitthalbhai Hansrajbhai
8.	Shri Sk. Nurul Islam
9.	Shri Sakti Mohan Malik
10.	Shri Paswan Kamlesh
11.	Shri Amarnath Pradhan
12.	Shri Ashok Kumar Rawat
13.	Shri Tufani Saroj
14.	Shri Suresh Kumar Shetkar
15.	Shri Raju Shetti
16.	Shri G.M. Siddeshwara
17.	Shri D. Venugopal
18.	Vacant
19.	Vacant
20.	Vacant
21.	Vacant
RAJYA SABHA	
22.	Shri Biswajit Daimary
23.	Shrimati Naznin Faruque
24.	Shri A.A. Jinnah
25.	Shri Brijlal Khabri
26.	Dr. Vijay Mallya
27.	Shri Pyarimohan Mohapatra
28.	Shri Dilipbhai Pandya
29.	Shri Raghunandan Sharma
30.	Vacant
31.	Vacant

SECRETARIAT

- | | | | |
|----|----------------------------|---|---------------------|
| 1. | Smt Rashmi Jain | - | Joint Secretary |
| 2. | Shri Anil Kumar Srivastava | - | Additional Director |
| 3. | Smt. Emma C. Barwa | - | Under Secretary |
| 4. | | | |

Shri P. Balaram Naik appointed as a minister of state

INTRODUCTION

I, the Chairman, Standing Committee on Chemicals and Fertilizers (2012-13) having been authorised by the Committee to present the Report on their behalf, present this Thirty-First Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations / recommendations contained in the Twenty-Sixth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2011-12) on 'Demands for Grants (2012-13)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Twenty-Sixth Report (Fifteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 2 May, 2012. The Action Taken Replies of the Government to all observations / recommendations contained in the Report were received on 3 August, 2012. The Standing Committee on Chemicals and Fertilizers (2012-13) considered and adopted this Report at their sitting held on 10 December, 2012.

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

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

New Delhi;
17 December, 2012
26 Agrahayana, 1934 (Saka)

GOPINATH MUNDE
Chairman,
Standing Committee on
Chemicals and Fertilizers

REPORT

CHAPTER – I

This Report of the Standing Committee on Chemicals and Fertilizers (2011-12) deals with the action taken by the Government on the Observations / Recommendations contained in the Twenty Sixth Report (Fifteenth Lok Sabha) of the Committee on 'Demands for Grants (2012-13)' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) which was presented to Lok Sabha on 2.5.2012. In all, the Committee made 9 Observations / Recommendations.

2. The Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) were requested to furnish replies to the Observations/ Recommendations contained in the Twenty Sixth Report within three months from the date of presentation of the Report, i.e. by 1.8.2012. The Action Taken Replies of the Government in respect of all the 9 Observations / Recommendations contained in the Report have been received from the Ministry of Chemicals and Fertilizers, Department of Chemicals and Petrochemicals *vide* their O.M. No.16(3)/2012-Fin.I dated 3.8.2012. Accordingly, the Replies have been examined and categorized as follows:-

- | | | |
|-------|---|---------------------------|
| (i) | Observations / Recommendations which have been accepted by the Government-
Rec. Nos. 1, 2, 3, 5, 6, 7 and 9 | (Total =7)
Chapter-II |
| (ii) | Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply-
Rec. No. Nil | (Total =0)
Chapter-III |
| (iii) | Observations / Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration-
Rec. No. Nil | (Total=0)
Chapter-IV |
| (iv) | Observations / Recommendations in respect of which replies of the Government are of interim nature-
Rec. Nos. 4 and 8 | (Total =2)
Chapter-V |

3. The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter-I of this Report and the Final Replies in respect of Observations / Recommendations contained in Chapter V for which Interim Replies have been furnished by the Department should be furnished expeditiously.

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

A. Need for Legislation to Regulate Chemicals Sector

(Recommendation No.4)

5. Emphasizing the need for country-wide legislation to regulate the Chemicals sector in India in line with the European Union's Registration Evaluation Authorization of Chemicals (REACH) enacted by the European Union, the Committee had recommended as under:-

"The Committee note that the European Union, in line with the requirements of the Chemical Weapons Convention, has enacted a legislation entitled Registration Evaluation Authorization of Chemicals (REACH) under which the industry has been made responsible for the safety of its products. However, as per information provided by the Department, there is no such comprehensive legislation in India on the lines of REACH and in India, the Bureau of Indian Standards (BIS) specifies the specifications of the products including chemicals which are voluntary in nature for compliance by the industry. Moreover, in this regard, there are many different regulatory legislations in India and they are administered through various Departments/Ministries.

In light of this, the Committee note that the Department of Chemicals and Petrochemicals has initiated industry consultations for analyzing the requirement of legislation similar to REACH enacted by the European Union. The Committee feels that the absence of a country-wide legislation that regulates safety norms in industry in India may allow for exploitation of loopholes in the existing, fragmented regime of legislative regulation which may eventually endanger public security from hazardous chemicals, etc. The Committee, therefore, recommend that the Department should examine the desirability and feasibility of a comprehensive legislation on the lines of the European Union's REACH to regulate the industry, including the chemicals and petrochemicals industry, on the safety of their products. The Committee would like to be apprised of any initiative taken in this regard."

6. In reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals has stated as under:-

"The Department has initiated the task of preparation of a status paper covering the various salient features of the European Union Registration Evaluation Authorization of Chemicals (EU REACH) legislation in a comprehensive manner and their comparison with various provisions of existing legislations enacted by various Ministries/Departments. The status paper will also include salient features of similar chemical legislations enacted by other countries such as Canada, Turkey, China, Japan, Malaysia and South Korea etc. to have a comprehensive

understanding of their procedures of implementation and other different provisions. The status paper on the subject will then be circulated to various concerned Ministries and industry stakeholders, to solicit their views in the matter, to reach a conclusion regarding the requirement as well as form of such legislation, if needed, for India.”

Comments of the Committee

7. The Committee had earlier noted that the Department of Chemicals and Petrochemicals had initiated industry consultations for analyzing the requirement of legislation similar to Registration Evaluation Authorization of Chemicals (REACH) enacted by the European Union. Observing that India presently has no such country-wide legislation to regulate safety norms in the chemicals and petrochemicals sector, the Committee had then recommended that the Department should examine the desirability and feasibility of such a legislation to regulate the industry, including the chemicals and petrochemicals industry, on the safety of their products. The Department, in its Action Taken Replies, has stated that it has already prepared a status paper on the issue to determine the desirability and if so, the form and content that such a legislation may take. The Department has also stated that the status paper will cover an evaluation of similar chemicals legislations in other countries like Canada, Turkey, China, Japan, etc. to have a comprehensive understanding of their procedure of implementation, etc. The status paper will then be circulated to the relevant Ministries and industry stakeholders for consultation.

In light of this, the Committee, while appreciating the initiatives taken by the Department to implement the Committee’s recommendation, feel that proper regulation of the chemicals sector is crucial and urgent for India given the absence of robust and comprehensive regulatory framework governing safety norms for the sector. The Committee, therefore, desire that the preparation of status paper covering salient features of EU REACH and other countries be taken up by the Department and the same be circulated to the concerned Ministries and stakeholders on a priority basis and apprise the Committee about any further progress in regard to enactment of legislation.

B. Expeditious Execution of PCPIR Projects

(Recommendation No. 5)

8. Expressing concern over the lack of interest on the part of some States and emphasizing the need to expeditiously execute the PCPIR Projects undertaken by the Department, the Committee had recommended as under:-

“The Committee note that the National Policy on Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) policy adopts a holistic approach to promote the petroleum, chemicals and petrochemical sectors in an integrated and environment friendly manner on a large scale to reap the benefits of co-sitting, networking and greater efficiency through use of common infrastructure and support services. The Committee also note that a total of five PCPIR projects were approved by the Government of India, out of which the status of development of PCPIRs at Andhra Pradesh, Gujarat, Odisha and Tamil Nadu are still at the initial stages and the West Bengal Government has decided to abandon the PCPIR project in Haldia. The Committee is worried about the lack of interest on part of some States and also slow pace of establishment of the PCPIRs. Therefore, the Committee desire that the Department should take proactive steps as a facilitator and ensure expeditious development of these Regions by setting deadlines for creation of necessary infrastructure after consultation with all stake holders.”

9. In reply to the above recommendation of the Committee, the Department in its action taken reply has stated as under:-

“The observations/recommendations of the Standing Committee in the above Report have been noted for necessary guidance.

Accordingly, the State Governments of Andhra Pradesh, Orissa and Gujarat presently hosting the approved Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs), have been requested to review the committed timelines of the implementation of the various projects in the PCPIRs, wherever required. Meetings were held on 11.06.2012 with the three States, to review the stages of planning and implementation of the various projects in all the three PCPIRs vis-à-vis the timelines earlier committed by the respective State Governments. It was noted that the States were in the process of fulfilling their commitments. The Department continuously monitors the implementation of the PCPIRs on a quarterly basis and shall take necessary action wherever required.

The Department has been organizing road shows and delegations both at the national and international levels for promotion of these PCPIRs, showcasing their strengths and attracting further investments.

The Department is also in the process of outlining specific policy measures that can be introduced to speed up the implementation of Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) and enhance their attractiveness as prospective investment destinations.”

Comments of the Committee

10. The Committee, in their earlier observation, had expressed their concern over the lack of interest on the part of some States for setting up PCPIR in their states and the slow pace of establishment of Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) in the country. The Committee had, then, recommended that the Department of Chemicals and Petrochemicals should take proactive steps as a facilitator and ensure expeditious development of these

regions by setting up deadlines for creation of necessary infrastructure after consultation with all stakeholders. In its response to the Committee's recommendation, the Department has said that it has noted the Observations / Recommendations of the Committee for necessary guidance and also note that the States are in the process of fulfilling their commitments. The Department in its written reply has also stated that it is continuously monitoring the implementation of the PCPIRs on a quarterly basis and taking necessary action wherever required. Further, the Department has also stated that it is in the process of outlining specific policy measures to speed up the implementation of PCPIRs and enhance their attractiveness for prospective investors.

In view of the above, the Committee reiterate the need for time-bound implementation of the PCPIRs especially by setting deadlines for creation of infrastructure after consultation with all stakeholders. The Committee also recommend for the need for proper mechanisms to ensure accountability and fixing of responsibilities for any lapse or delay in the execution of the Projects and desire to be continuously apprised about any further progress in this regard.

C. Need for Judicious Fund Utilization at IPFT

(Recommendation No. 7)

11. Acknowledging the steps taken by the Institute of Pesticide Formulation Technology (IPFT) to remove procedural hurdles which had earlier prevented the Institute from properly utilizing its allocated funds, and stressing on the need to judiciously utilize its allocated funds this year, the Committee had recommended as under:-

“The Committee observe that the Institute of Pesticide Formulation Technology (IPFT) has taken steps to remove certain procedural hurdles which had prevented it from fully utilizing its allocated funds earlier. The Justification and Specification Committees set up to streamline the procurement process at the Institute have also started functioning. The Committee also observe that IPFT has recently been granted the status of 'Designated Lab' by the Organization for the Prohibition of Chemical Weapons (OPCW). The budget allocated for IPFT for 2012-13 under Plan Head is Rs. 7 crore, which is a huge jump from the previous year's allocation of Rs. 1 crore.

In light of the above, the Committee desire that the Institute should judiciously utilize the allocated amount for this year for the stated purposes and record a better performance in terms of profit and development and production of state-of-the-art user and environment-friendly pesticide formulation technology. The Committee expect the Department to properly oversee the functioning of IPFT and apprise the Committee of any new development. The Committee also feel that the

Non-Plan allocation for the Institute, at Rs. 3.29 crore and Rs. 3.50 crore for 2011-12 and 2012-13 respectively, is very high relative to Plan allocation. The Committee therefore recommend that the Department should take steps to lower expenditure under Non-Plan and expect to be apprised about action taken in that regard.

12. The Department in its action taken reply to the above-mentioned recommendation has stated as under:-

“The Department shares the concern of the Committee on judicious utilization of the higher allocation of Rs. 7 crore for Institute of Pesticide Formulation Technology (IPFT) in the year 2012-13 (Plan) for the stated purposes and better performance. The lower allocation of Rs. 1 crore in the year 2011-12 was made in view of inadequate utilization in the preceding years and to ensure prudent financial management of Plan grants. The allocation has been increased for BE 2012-13, as per projects proposed for the XII Five Year Plan. The increased allocated budget of Rs. 7.00 crore for 2012-13 is proposed to be gainfully utilized by the Institute of Pesticide Formulation Technology (IPFT) for capital support for activities related to Organization for the Prohibition of Chemical Weapons (OPCW), National Accreditation Board for Testing and Calibration Laboratory (NABL) and Bureau of Indian Standards (BIS) activities; analysis of pesticides and their residue for providing support to the agrochemical industry; execution of new Research & Development (R&D) projects as also completion of ongoing projects; renovation of Pilot Plant and replacement of obsolete machinery and equipments.

The Department of Chemicals & Petrochemicals shall monitor and streamline the functioning of Institute of Pesticide Formulation Technology (IPFT) and has noted the recommendations of the Committee on apprising it of any new significant developments in IPFT mandated activities.

The Department also shares the concern on the higher non-plan allocation for the Institute for 2011-12 and 2012-13. As stated above, the allocation of Plan funds for Institute of Pesticide Formulation Technology (IPFT) was reduced in 2010-11 and 2011-12, showing a proportionally higher non plan allocation as compared to plan allocation. The non plan allocation for the Institute is required at present to cater to its Salary & Establishment costs. The increase in the Non-Plan budget for 2012-13 is due to hike in salary costs and increase in other overheads due to increased activities of the Institute. The Department, while reviewing the dependence of IPFT on non-plan funds from the Government, has emphasized (i) judicious utilization of internal and extra budgetary resources; (ii) increasing revenue generation through sponsored projects and testing charges; and (iii) utilization of interest from pooling of available funds in IPFT in a single Corpus Fund. IPFT has also been asked to build a reasonable Corpus Fund of Rs. 10 crore to reduce dependence on non plan funds. Through the above initiatives, the Department of Chemicals & Petrochemicals envisages augmentation and utilization of internal revenue generation, coupled with increase in plan funds to support and strengthen IPFT's resources and assets over a period of time.”

Comments of the Committee

13. The Committee, in their earlier observation, had noted the huge hike in budgetary allocation for the Institute of Pesticide Formulation Technology (IPFT) for 2012-13 as compared to the previous year and had desired that the Institute should judiciously utilize the allocated amount for this year for the stated purposes and record a better performance in terms of profit and development and production of state of the art user and environment-friendly pesticides formulation technology. In its reply, the Department has said, *inter alia*, that it shares the concerns of the Committee regarding judicious utilization of the increase in allocated budget of Rs. 7 crore for the year 2012-13. Regarding increase in non-plan expenditure, the Department, while accepting the Committee's recommendations, also highlighted the steps it has taken which include generation of revenue internally through sponsored projects and testing charges. The Committee also note that IPFT has been asked by the Department to build a reasonable Corpus Fund of Rs. 10 crore to reduce dependence on non-plan funds.

While appreciating the efforts of the Department of Chemicals and Petrochemicals regarding proper utilization of plan allocation and reduction of dependence on non-plan allocation for the IPFT, the Committee desire to be apprised about the outcome of increased plan allocation of Rs. 7 crore during the year 2012-13. Further, the Committee also desire to be apprised about the outcome of efforts undertaken by the IPFT for internal resource generation and creation of the Corpus Fund of Rs. 10 crore and the extent to which its dependence on non-plan allocation is reduced due to these efforts.

D. HOCL and HIL

(Recommendation No. 8)

14. Emphasizing the urgent need to comprehensively review the functioning of Hindustan Organic Chemicals Ltd (HOCL) to tide over its numerous troubles and also stressing the urgent need to find safe alternatives to Endosulfan, the Committee had recommended as under:-

“The Committee observe that the Rasayani Unit of Hindustan Organic Chemicals Ltd (HOCL) has continued to incur huge financial losses. While the Unit's turnover is approximately Rs. 90 crore, it incur losses to the tune of Rs. 130 crore. The Committee are also aware about the longstanding dispute between the management of HOCL and some Employee's Unions regarding wages which must have adverse effect on overall productivity. Meanwhile, the Department has informed that the proposed 16 MW Captive Power Plant (CPP) which was

envisaged to reduce power costs at Rasayani Unit has been abandoned due to non-viability.

Regarding Hindustan Insecticides Ltd (HIL), the Committee note that there has been no progress regarding the proposed new plant to manufacture Mancozeb as the feasibility of the project is in doubt. Also, no decision has so far been taken on the issue of finding a viable alternative to Endosulfan.

In light of the above, the Committee desire that the Department should undertake a detailed and comprehensive study of the numerous problems afflicting the HOCL Unit at Rasayani and take necessary action to remedy the situation. As for HIL, the Committee recommend that the Department should continue to pursue the matter of finding safe and viable alternatives to Endosulfan on a priority basis so that the agricultural sector of the economy do not suffer.”

15. The Department in its action taken reply to the above-mentioned recommendation has stated as under:-

“The Department is in full agreement with the recommendation of the Committee that the problems which are being faced by the HOCL unit of Rasayani needs to be identified and necessary action taken to remedy the situation. The Department has analysed the issue carefully. HOCL, Rasayani unit has around 874 employees. The employee cost is Rs.71 crore in 2010-11. In 2010-11, the Rasayani Unit had a turnover of Rs.86 crore, resulting in a loss of Rs.104 crore. To sustain the employee cost of Rs.71 crore, the factory’s turnover requires to be scaled up to the tune of Rs.500-800 crore atleast. This will be possible only if mega sized projects, producing high volume chemicals, are set up. The capacity required for viable production will be of the order of Rs.2 lakh to 4 lakh MT per annum. This will require an investment of Rs.2000 to Rs.3000 crore, which the company simply does not have. It is also impractical to expect the Government of India to provide plan funds by way of equity for starting such a large project. Hence, large scale investments by the Government or the company does not appear to be a feasible option.

The biggest asset as far as HOCL Rasayani unit is concerned is the nearly 1000 acres of land (though on lease). HOCL and the Department of Chemicals and Petrochemicals has been discussing with other PSUs who may have surplus cash to invest but is looking for suitable land. Some of the chemical PSUs and fertiliser PSUs and oil PSUs have been identified as potential candidates in this regard. Rashtriya Chemicals and Fertilizers (RLF) has actually shown some interest in having some kind of tie up with HOCL, utilising the land that is available in Rasayani. There could be synergy between HOCL and RCF in this regard. The possibilities can only emerge after a detailed study on all aspects is undertaken. RCF has appointed M/s Deloitte to undertake such a study. The DCPC has given in principle approval for the study. The study will analyse the possibilities of merger/tie up between RCF and HOCL. This could be with the Rasayani unit alone or with the Kochi unit as well. Study is progressing. Estimated time of completion is 20 weeks.

The DCPC will take further action on the basis of the results of the study and the view that will be taken by the RCF in the matter. As regards HIL and finding viable alternatives to Endosulfan, the Supreme Court, in Writ Petition (Civil) 213 of 2011,

has passed an interim order on 13-05-2011 banning the production, use and sale of Endosulfan all over India till further orders. The Court also appointed a Joint Committee headed by the Director General of India Council of Medical Research (ICMR) and the Commissioner (Agriculture) to conduct a scientific study on the question whether the use of Endosulfan would cause any serious health hazard to human beings and would cause environmental pollution and inter-alia recommend alternatives to Endosulfan. This joint Committee headed by the DGICMR has been holding meetings with the Department of Agriculture and Cooperation, Indian Council of Medical Research (ICMR), Department of Chemicals & Petrochemicals, Ministry of Environment & Forest, Indian Council of Agricultural Research (ICAR), Indian Agricultural Research Institute (IARI), Pesticide and Endosulfan Manufacturers Association, etc to discuss the issue of Endosulfan in pursuance of the decision of the Hon'ble Supreme Court of India. The Department of Chemicals & Petrochemicals is closely involved in the task. The committee has to submit its report and a final decision will evolve only thereafter.

Comments of the Committee

16. The Committee, in their earlier observation / recommendation, had emphasized the need for a comprehensive review of the working and structure of Hindustan Organic Chemicals Ltd (HOCL), especially its Rasayani Unit, in view of continuous revenue losses and labour problems. As regards HIL, the Committee had also recommended that the Department should pursue the matter of finding a safe and viable alternative to Endosulfan on a priority basis. In its Action Taken Report, the Department has expressed full agreement with the Committee's recommendation regarding the need to identify and redress the problem affecting HOCL Unit at Rasayani. The Department has also elaborated upon measures it had proposed to take to generate revenue, like utilizing extra land for productive purposes, etc. The Department has also provided updated information on the ongoing search for alternatives to Endosulfan and informed that it is actively involved in the task.

In light of this, the Committee, while noting the Department's initiatives, expect that all its recommendations will be pursued and fully implemented soon. The Committee desire that they should be apprised about the findings of M/s Deloitte which is entrusted to study the feasibility of tie-up between Rashtriya Chemicals and Fertilizers (RCF) and HOCL, as and when it submits its report. The Committee also desire to be apprised about the latest position regarding construction of the proposed Mancozeb plant of HIL which has been lying in limbo and hope that some headway shall be made in this regard very soon. The Committee feel that the search of alternatives to Endosulfan should be taken up in right earnest and hence, desire to be apprised about further progress in this regard.

CHAPTER – II

OBSERVATIONS / RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. 1

The Committee note that there is a general improvement in the growth rate of production of major chemicals and petrochemicals. Amongst the major chemicals, however, the growth rate of production of Organic Chemicals at 4.84% and Pesticides (Technical) at zero percent for the period between 2009-10 to 2010-11 are unsatisfactory. The Compound Annual Rate of Growth (CARG) of production of selected major chemicals for the period 2005-06 to 2010-11 registered a small improvement at 0.89%. Regarding production of major petrochemicals, the committee note that while Elastomers registered a negative growth rate of -10.38% during 2009-10 and 2010-11, the growth rate for Synthetic Detergent Intermediates at 3.24% is also unsatisfactory. The overall CARG for production of major petrochemicals during 2005-06 and 2010-11 was 3.82%. While these growth rates show that the sector is back on a growth path, the Committee feel that they fell far short of the potential as the sector is expected to grow at around 10 to 11% over the next 10 years.

In this regard, the Committee note that a Working Group on Chemicals Sector has already submitted a list of recommendations to the Planning Commission which include improvement in infrastructure, development of India's chemical inventory, rationalization of taxes and duties, consolidation of multiple legislations into one Integrated Chemical Legislation, improvement of image of industry, setting up of talent development infrastructure, and institution of a Technology Upgradation Fund. The Committee feel that the above recommendations, if implemented, will help the industry move in a sustained growth path. Therefore, the Committee recommend that the Department should make concerted efforts to include the recommendations of the Working Group on Chemical Sector in the Twelfth Five Year Plan, when it is finalized.

Reply of the Government

The 12th Five Year Plan is yet to be finalized by the Planning Commission. The Department of Chemicals and Petrochemicals (DCPC) is making every effort to see that a majority of the recommendations of the Working Group on Chemical Sector are included in the 12th Five Year Plan.

Some of the schemes included in the recommendations of the Working Group on Chemicals have already been included as plan schemes in the 2012-13 budget estimates. A number of recommendations of the Working Group have already been accepted by the Steering Committee of the Planning Commission. The DCPC shall continue our efforts to get included maximum number of schemes in the 12th Five Year Plan.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (3)/2012- Fin.1 Dated 3.8.2012]

Recommendation No. 2

The Committee note that during the Twelfth Five Plan, the Central Institute of Plastic Engineering and Technology (CIPET) is proposed to be developed as a premier institute of National Importance. The committee also note that presently, CIPET has to seek affiliation from different State Universities to conduct UG/PG and Doctoral Programmes due to which different syllabus of respective Universities have to be followed and the degrees are awarded by different Universities and this leads to variation in course contents and regulations to be followed for the courses. In view of this, the Committee feel that CIPET should have the power to award its own degrees and recommend that the matter should be pursued vigorously by the Department. The Committee desire to be apprised about steps taken by the Department towards this end.

Reply of the Government

Before CIPET is declared as an Institution of National Importance, with the power to award its own degrees, it is necessary to decide on the basic structure. The question of awarding degrees arises only in the 5 High Learning Centres (HLC) of CIPET. The major part of the CIPET function of providing training in plastic engineering and technology to students to equip them to take up jobs in factories will continue in the other centres of CIPET. It will not be in order to insist that the other centres should also have similar kind of faculty, student-teacher ratio, laboratories, etc. as required for the HLCs. At the same time, it will not be correct to split CIPET into two, one for running the HLCs and the other for running the other centres. Hence, it is necessary to envisage a suitable structure for CIPET which will have the necessary flexibility. Once this is finalized, a draft legislation will be prepared. This will then be sent for inter-ministerial consultations after which Cabinet approval will need to be taken. If the Cabinet approves the proposal, the same will be presented in the Parliament.

Structural changes, particularly in respect of faculty, will also require to be planned and implemented. DG, CIPET is presently examining the faculty structure, particularly with reference to their eligibility to teach in HLCs, which will award degrees.

Additional faculty will need to be recruited to cater to the needs of the 5 HLCs. This will involve additional financial commitment for which non-plan grants from GoI to CIPET will be necessary. This aspect will need to be discussed further with the Ministry of Finance.

Action on all the above points has already been initiated. Department is fully committed to push for conversion of the HLCs of CIPET into an Institution of National Importance, which will have the power to award degrees.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (3)/2012- Fin.1 Dated 3.8.2012]

Recommendation No. 3

Regarding management of plastic waste, the Committee note the CIPET study which reveals that municipal solid waste contains 7% plastic waste. The Committee also note that CIPET is contemplating to establish composting Centers for plastic waste in

states of Gujarat, Tamil Nadu, Uttar Pradesh and Odisha. The Department has also interacted with NGOs, Municipal Corporations and other interested organizations for improving Plastic Waste recycling and Management and on receipt of plan of action from these organizations, it will examine the possibilities of setting up of some Plastic Waste Management Centres (PWMCs) in PPP model. In this regard, the Committee feel that management of solid waste in general and plastic waste in particular is a great challenge in view of non-biodegradable nature of plastics and also increasing usage of plastic products. Hence, the Committee recommend that the PWMCs should be established at least in each of the districts of the country and with special focus to the urban areas. In view of the urgency of plastic waste management, the Committee desire the Department to finalize framework regarding establishment of PWMCs in Public Private Partnership mode, in consultation with other stake holders in a time bound manner. The committee desire to be apprised about steps taken by the Department in this regard.

Reply of the Government

One Plastic Waste Management Centre (PWMC) has been set up by Central Institute of Plastic Engineering and Technology (CIPET) at Guwahati in 2009. It is mainly for academic and demonstration-cum-training purposes. The Department, through CIPET and other stakeholders, have been conducting seminars aimed at spreading awareness on issues such as recyclable properties of plastic, choice of appropriate technology, etc.

The Ministry of Environment and Forest has notified the Plastic Waste (Management & Handling) Rules, 2011 on 4th February, 2011 and further amendment on 2nd July, 2011 after wide ranging consultations with the Ministry of Urban Development, the Central Pollution Control Board (CPCB), concerned stakeholders including Industry Associations, etc. These rules provide a systematic framework for Plastic Waste Management in the country on the concept of Public Private Partnership. As per these Rules, the issues related to Plastic Waste Management System are to be executed by the concerned Municipal Authority/State Government, based on the local conditions and involvement of concerned stake holders on the concept of Extended Producer's Responsibility. The Department of Chemicals & Petrochemicals (DCPC) will facilitate various technological options through CIPET, if required by the concerned Municipal Authority / Local Self Government / State Government. The DCPC is also in the process of preparing the framework for establishment of Plastic Waste Management Centres (PWMCs) in Public Private Partnership mode.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (3)/2012- Fin.1 Dated 3.8.2012]

Recommendation No. 5

The Committee note that the National Policy on Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) policy adopts a holistic approach to promote the petroleum, chemicals and petrochemicals sectors in an integrated and environment friendly manner on a large scale to reap the benefits of co-sitting, networking and greater efficiency through use of common infrastructure and support services. The Committee also note that a total of five PCPIR projects were approved by the Government of India, out of which the status of development of PCPIRs at Andhra Pradesh, Gujarat, Orissa and Tamil Nadu are still at the initial stages and the West Bengal Government has decided to abandon the PCPIR project in Haldia. The Committee is worried about the lack of interest on part of some States and also slow pace of establishment of the PCPIRs. Therefore, the Committee desire the Department should

take proactive steps as a facilitator and ensure expeditious development of these Regions by setting deadlines for creation of necessary infrastructure after consultation with all stake holders.

Reply of the Government

The observations/recommendations of the Standing Committee in the above Report have been noted for necessary guidance.

Accordingly, the State Governments of Andhra Pradesh, Orissa and Gujarat presently hosting the approved Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs), have been requested to review the committed timelines of the implementation of the various projects in the PCPIRs, wherever required. Meetings were held on 11.06.2012 with the three States, to review the stages of planning and implementation of the various projects in all the three PCPIRs vis-à-vis the timelines earlier committed by the respective State Governments. It was noted that the States were in the process of fulfilling their commitments. The Department continuously monitors the implementation of the PCPIRs on a quarterly basis and shall take necessary action wherever required.

The Department has been organizing road shows and delegations both at the national and international levels for promotion of these PCPIRs, showcasing their strengths and attracting further investments.

The Department is also in the process of outlining specific policy measures that can be introduced to speed up the implementation of Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) and enhance their attractiveness as prospective investment destinations.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (3)/2012- Fin.1 Dated 3.8.2012]

Comments of the Committee

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

Recommendation No. 6

Regarding the Assam Gas Cracker Project (AGCP), the Committee observes that this is the biggest project undertaken by the Department in terms of fund allocation. The Revised Cost Estimate (RCE) for the project is Rs. 8920 crore (on "as built basis"). For the current year, the Planning Commission has approved an allocation of Rs. 1552 crore although the Department proposed an amount of Rs. 2552 crore. However, the Committee note with regret that the project has encountered numerous cost and time overruns, and that the project is now planned to be fully commissioned by December, 2013.

The Committee note that the main factors primarily responsible for time and cost overruns are poor quality of Detail Feasibility Report (DFR), initial delay in resolving the issues raised by feedstock suppliers, delay in incorporation of BCPL and in the appointment of Engineering Project Management Consultants (EPMC), delay in award

and finalization of agreement with the process technology licensors, significant changes in technology / engineering / operational / utility requirements, time escalation and increased prices of feedstock, inadequate deployment of key personnel, and absence of proper incentive structure, etc. The Committee are unhappy to note that the above factors for time and cost overruns reflect poor project management skills on the part of the Department. Hence, the Committee recommends that the Department should keep constant vigil and monitor the progress of the project, and proactively ensure that further time and cost overruns are avoided. Noting that the employment projected to be generated directly or indirectly by the project is around 1, 00, 000, the Committee recommend that employment of locals for the project be prioritized as far as practicable. Given the huge investment of public money in the project, the committee expect the project to really live up to its promise of bringing about socio-economic development of the entire region of North-East India.

Reply of the Government

The Assam Gas Cracker project along with downstream plastic processing, ancillary, engineering and service sector industries, will entail substantial benefits under the socio-economic criteria. Apart from generation of employment it also envisages improvements in provision of educational, transport and health facilities, attracting investments in nature of setting up of downstream industries, improvement in infrastructure in and around the project area etc., and overall improvement in the general economic condition of the people of North-East

During the ongoing construction phase, as on date 155 Executives are on the roll of Brahmaputra Cracker & Polymer Limited (BCPL), of which 44% are from the North East. Further about 7500 workers are engaged by contractors for the project, of which 90% are local people. On commissioning and achieving successful trial runs, the project will provide direct and indirect employment to local people who will be involved in operation and maintenance of plant on contract basis under various contracting companies.

The project is being regularly monitored by the Committee headed by Secretary Department of Chemicals and Petrochemicals. This includes reviews with the project authorities, consultants, major contractors, State Government, other Ministries / Departments in Government of India, etc. All possible steps are being taken to avoid further time and cost overruns. Further, Principal Secretary to the Prime Minister also monitors the project on a regular basis. The cumulative physical progress, as on 15th June, 2012, is 73.4% and cumulative expenditure, as on 30.6.2012 is Rs. 4957.55 crore.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (3)/2012- Fin.1 Dated 3.8.2012]

Recommendation No. 7

The Committee observes that the Institute of Pesticide Formulation Technology (IPFT) has taken steps to remove certain procedural hurdles which had prevented it from fully utilizing its allocated funds earlier. The Justification and Specification Committees set up to streamline the procurement process at the Institute have also started functioning. The Committee also observes that IPFT has recently been granted the status of 'Designated Lab' by the Organization for the Prohibition of Chemical Weapons (OPCW). The budget allocated for IPFT for 2012-13 under Plan Head is Rs. 7 crore, which is a huge jump from the previous year's allocation of Rs. 1 crore.

In light of the above, the Committee desire that the Institute should judiciously utilize the allocated amount for this year for the stated purposes and record a better performance in terms of profit and development and production of state-of-the art user and environment-friendly pesticide formulation technology. The Committee expects the Department to properly oversee the functioning of IPFT and apprise the Committee of any new development. The Committee also feel that the Non-Plan allocation for the Institute, at Rs. 3.29 crore and Rs. 3.50 crore for 2011-12 and 2012-13 respectively, is very high relative to Plan allocation. The Committee therefore recommend that the Department should take steps to lower expenditure under Non-Plan and expect to be apprised about action taken in that regard.

Reply of the Government

The Department shares the concern of the Committee on judicious utilization of the higher allocation of Rs. 7 crore for Institute of Pesticide Formulation Technology (IPFT) in the year 2012-13 (Plan) for the stated purposes and better performance. The lower allocation of Rs. 1 crore in the year 2011-12 was made in view of inadequate utilization in the preceding years and to ensure prudent financial management of Plan grants. The allocation has been increased for BE 2012-13, as per projects proposed for the XII Five Year Plan. The increased allocated budget of Rs. 7.00 crore for 2012-13 is proposed to be gainfully utilized by the Institute of Pesticide Formulation Technology (IPFT) for capital support for activities related to Organization for the Prohibition of Chemical Weapons (OPCW), National Accreditation Board for Testing and Calibration Laboratory (NABL) and Bureau of Indian Standards (BIS) activities; analysis of pesticides and their residue for providing support to the agrochemical industry; execution of new Research & Development (R&D) projects as also completion of ongoing projects; renovation of Pilot Plant and replacement of obsolete machinery and equipments.

The Department of Chemicals & Petrochemicals shall monitor and streamline the functioning of Institute of Pesticide Formulation Technology (IPFT) and has noted the recommendations of the Committee on apprising it of any new significant developments in IPFT mandated activities.

The Department also shares the concern on the higher non-plan allocation for the Institute for 2011-12 and 2012-13. As stated above, the allocation of Plan funds for Institute of Pesticide Formulation Technology (IPFT) was reduced in 2010-11 and 2011-12, showing a proportionally higher non plan allocation as compared to plan allocation. The non plan allocation for the Institute is required at present to cater to its Salary & Establishment costs. The increase in the Non-Plan budget for 2012-13 is due to hike in salary costs and increase in other overheads due to increased activities of the Institute. The Department, while reviewing the dependence of IPFT on non-plan funds from the Government, has emphasized (i) judicious utilization of internal and extra budgetary resources; (ii) increasing revenue generation through sponsored projects and testing charges; and (iii) utilization of interest from pooling of available funds in IPFT in a single Corpus Fund. IPFT has also been asked to build a reasonable Corpus Fund of Rs. 10 crore to reduce dependence on non plan funds. Through the above initiatives, the Department of Chemicals & Petrochemicals envisages augmentation and utilization of internal revenue generation, coupled with increase in plan funds to support and strengthen IPFT's resources and assets over a period of time.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (3)/2012- Fin.1 Dated 3.8.2012]

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

Recommendation No. 9

Regarding compensation to the victims of the Bhopal Gas Disaster, the Committee note that the total ex-gratia amount to be given to victims of various categories was Rs.740 crore out of which Rs.647 crore is released, which is about 87 percent of the total assistance. The physical progress is 89 percent. The Committee desire that the Department should make all out effort towards tracing all the victims of the disaster who are eligible for ex-gratia compensation.

Further, the Committee also express their concern about the effects of Bhopal Gas Disaster on the next generation of victims and feel that continuous review and research is essential in this area. The Committee note that the Indian Council of Medical Research (ICMR) is now entrusted with the task. The Committee desire to be apprised about any progress in this regard.

Reply of the Government

As on 15.5.2012, a total of 44,388 cases (91.2%) have been decided by the Office of the Welfare Commissioner out of 48,694 cases and a sum of Rs.653.36 crore (88.3 %) has been disbursed in these cases out of the Rs.740 crore as per the initial decision of the Cabinet on 24.6.2010. In addition, the Cabinet on 23.3.2012, has sanctioned an additional Rs.134 crore as ex-gratia to the approximately 9000 cases of Cancer and Total Renal Failure (TRF) that had additionally arisen as recommended by the Group of Ministers (GoM) on 13.1.2012.

Though the disbursement of compensation was started on 19.12.2010 by the Office of the Welfare Commissioner, a large number of claimants had failed to attend the designated Gas Claim Tribunals for receiving ex-gratia despite notices having been served at their last known addresses and publication of their claim details in local newspapers. In order to trace all the victims eligible for ex-gratia, the Department of Chemicals & Petrochemicals has also published a Notice in prominent national newspapers (both English and Hindi) on 1.4.2012, inviting eligible claimants to contact the Office of the Welfare Commissioner for ex-gratia payment.

As regards the task assigned to the Indian Council of Medical Research (ICMR), is as decided by the Cabinet on 24.6.2010.

The ICMR has established its 31st permanent institute namely, 'National Institute for Research in Environmental Health (NIREH) at Bhopal on 11th October 2010. The Institute aims to focus on research and rehabilitation on several issues including genetic disorders, congenital disorders and second generation children related medical issues. Ultimately, it is hoped that this Institute will emerge as the apex research institution on environmental health in India.

For functioning of NIREH, an agreement was signed on 20th January, 2011 between ICMR and Kamla Nehru Hospital, Bhopal for transferring space at the Centre for Rehabilitation Studies (CRS), Bhopal, which was earlier operating under the Madhya Pradesh Bhopal Gas Tragedy Relief and Rehabilitation Department. The existing infrastructure of CRS, Bhopal is being modified and strengthened to make it operational and the existing staff of CRS has been taken on a project mode w.e.f. 1st February, 2011. The new Clinical Facility under NIREH at Kamla Nehru Hospital has been inaugurated on 16th May, 2012. The Government of Madhya Pradesh has allotted 8.00 hectare of land at Bhauri, Bhopal on 23rd December, 2011 for the construction and setting up of laboratory for NIREH. Response on the request to provide land free of cost is awaited so that after

taking possession of the land allocated by Government of Madhya Pradesh, other developmental activities, including construction, can be initiated.

The process for creating 235 posts for NIREH is underway. New equipment worth Rs. 1,38,43,687/- has been purchased and installed at NIREH. In addition, some major equipment (digital x-ray machine, etc.) which are required for patient management are also being acquired. Six consultants have been appointed to start work pertaining to clinical, therapeutic, epidemiological and genetic research on Methyl-iso-cynate(MIC) affected population as well as on health hazards due to exposure to various chemicals in the environment. Dr. H. Raj Mohan, Scientist F, Officer-in-charge, Regional Occupational Health Centre (ROHC), Bangalore, deputed to monitor the progress on 'Epidemiological Study on long term effects of MIC exposure', has already initiated the work.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (3)/2012- Fin.1 Dated 3.8.2012]

CHAPTER – III

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

-- NIL--

CHAPTER – IV

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

-- NIL--

CHAPTER – V

OBSERVATIONS / RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE OF INTERIM NATURE

Recommendation No. 4

The Committee note that the European Union, in line with the requirements of the Chemical Weapons Convention, has enacted a legislation entitled Registration Evaluation Authorization of Chemicals (REACH) under which the industry has been made responsible for the safety of its products. However, as per information provided by the Department, there is no such comprehensive legislation in India on the lines of REACH and in India, the Bureau of Indian Standards (BIS) specifies the specifications of the products including chemicals which are voluntary in nature for compliance by the industry. Moreover, in this regard, there are many different regulatory legislations in India and they are administered through various Departments/Ministries.

In light of this, the Committee notes that the Department of Chemicals and Petrochemicals has initiated industry consultations for analyzing the requirement of legislation similar to REACH enacted by the European Union. The Committee feels that the absence of a country-wide legislation that regulates safety norms in industry in India may allow for exploitation of loopholes in the existing, fragmented regime of legislative regulation which may eventually endanger public security from hazardous chemicals, etc. The Committee, therefore, recommends that the Department should examine the desirability and feasibility of a comprehensive legislation on the lines of the European Union's REACH to regulate the industry, including the chemicals and petrochemicals industry, on the safety of their products. The Committee would like to be apprised of any initiative taken in this regard.

Reply of the Government

The Department has initiated the task of preparation of a status paper covering the various salient features of the European Union Registration Evaluation Authorization of Chemicals (EU REACH) legislation in a comprehensive manner and their comparison with various provisions of existing legislations enacted by various Ministries/Departments. The status paper will also include salient features of similar chemical legislations enacted by other countries such as Canada, Turkey, China, Japan, Malaysia and South Korea etc. to have a comprehensive understanding of their procedures of implementation and other different provisions. The status paper on the subject will then be circulated to various concerned Ministries and industry stakeholders, to solicit their views in the matter, to reach a conclusion regarding the requirement as well as form of such legislation, if needed, for India.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (3)/2012- Fin.1 Dated 3.8.2012]

Comments of the Committee

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

Recommendation No. 8

The Committee observe that the Rasayani Unit of Hindustan Organic Chemicals Ltd (HOCL) has continued to incur huge financial losses. While the Unit's turnover is approximately Rs. 90 crore, it incurs losses to the tune of Rs. 130 crore. The Committee are also aware about the longstanding dispute between the management of HOCL and some Employee's Unions regarding wages which must have adverse effect on overall productivity. Meanwhile, the Department has informed that the proposed 16 MW Captive Power Plant (CPP) which was envisaged to reduce power costs at Rasayani Unit has been abandoned due to non-viability.

Regarding Hindustan Insecticides Ltd. (HIL), the Committee note that there has been no progress regarding the proposed new plant to manufacture Mancozeb as the feasibility of the project is in doubt. Also, no decision has so far been taken on the issue of finding a viable alternative to Endosulfan.

In light of the above, the Committee desire that the Department should undertake a detailed and comprehensive study of the numerous problems afflicting the HOCL Unit at Rasayani and take necessary action to remedy the situation. As for HIL, the Committee recommend that the Department should continue to pursue the matter of finding safe and viable alternatives to Endosulfan on a priority basis so that the agricultural sector of the economy do not suffer.

Reply of the Government

The Department is in full agreement with the recommendation of the Committee that the problems which are being faced by the HOCL unit of Rasayani needs to be identified and necessary action taken to remedy the situation. The Department has analysed the issue carefully. HOCL, Rasayani unit has around 874 employees. The employee cost is Rs.71 crore in 2010-11. In 2010-11, the Rasayani Unit had a turnover of Rs.86 crore, resulting in a loss of Rs.104 crore. To sustain the employee cost of Rs.71 crore, the factory's turnover requires to be scaled up to the tune of Rs.500-800 crore atleast. This will be possible only if mega sized projects, producing high volume chemicals, are setup. The capacity required for viable production will be of the order of Rs.2 lakh to 4 lakh MT per annum. This will require an investment of Rs.2000 to Rs.3000 crore, which the company simply does not have. It is also impractical to expect the Government of India to provide plan funds by way of equity for starting such a large project. Hence, large scale investments by the Government or the company does not appear to be a feasible option.

The biggest asset as far as HOCL Rasayani unit is concerned is the nearly 1000 acres of land (though on lease). HOCL and the Department of Chemicals and Petrochemicals has been discussing with other PSUs who may have surplus cash to invest but is looking for suitable land. Some of the chemical PSUs and fertiliser PSUs and oil PSUs have been identified as potential candidates in this regard. Rashtriya Chemicals and Fertilizers (RCF) has actually shown some interest in having some kind of tie up with HOCL, utilising the land that is available in Rasayani. There could be synergy between HOCL and RCF in this regard. The possibilities can only emerge after a detailed study on all aspects is undertaken. RCF has appointed M/s Deloitte to undertake such a study. The DCPC has given in principle approval for the study. The study will analyse the possibilities of merger/tie up between RCF and HOCL. This could be with the Rasayani unit alone or with the Kochi unit as well. Study is progressing. Estimated time of completion is 20 weeks.

The DCPC will take further action on the basis of the results of the study and the view that will be taken by the RCF in the matter. As regards HIL and finding viable

alternatives to Endosulfan, the Supreme Court, in Writ Petition (Civil) 213 of 2011, has passed an interim order on 13-05-2011 banning the production, use and sale of Endosulfan all over India till further orders. The Court also appointed a Joint Committee headed by the Director General of India Council of Medical Research (ICMR) and the Commissioner (Agriculture) to conduct a scientific study on the question whether the use of Endosulfan would cause any serious health hazard to human beings and would cause environmental pollution and inter-alia recommend alternatives to Endosulfan. This joint Committee headed by the DGICMR has been holding meetings with the Department of Agriculture and Cooperation, Indian Council of Medical Research (ICMR), Department of Chemicals & Petrochemicals, Ministry of Environment & Forest, Indian Council of Agricultural Research (ICAR), Indian Agricultural Research Institute (IARI), Pesticide and Endosulfan Manufacturers Association, etc to discuss the issue of Endosulfan in pursuance of the decision of the Hon'ble Supreme Court of India. The Department of Chemicals & Petrochemicals is closely involved in the task. The committee has to submit its report and a final decision will evolve only thereafter.

[Ministry of Chemicals & Fertilizers
(Department of Chemicals & Petrochemicals)
No. 16 (3)/2012- Fin.1 Dated 3.8.2012]

Comments of the Committee

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

**New Delhi;
17 DECEMBER, 2012
26 AGRAHAYANA, 1934 (SAKA)**

**GOPINATH MUNDE,
CHAIRMAN
STANDING COMMITTEE ON
CHEMICALS AND FERTILIZERS**

APPENDIX – I**MINUTES****MINUTES OF THE FOURTH SITTING OF THE
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS
(2012-13)**

The Committee sat on Monday, the 10 December, 2012 from 1500 hrs. to 1615 hrs. in Room No.63, Parliament House, New Delhi.

PRESENT

Shri A.A. Jinnah - ***In the Chair***
Members
LOK SABHA

2.	<u>Shri Gajanan D. Babar</u>
3.	Shri Sakti Mohan Malik
4.	Shri Ashok Kumar Rawat
5.	<u>Shri</u> Kamlesh Paswan
6.	Shri Amarnath Pradhan
7.	Shri Tufani Saroj
8.	Shri G.M. Siddeshwara
RAJYA SABHA	
9.	Shri Brijlal Khabri
10.	Shri Pyarimohan Mohapatra

SECRETARIAT

- | | | | |
|-----|----------------------|---|---------------------|
| i. | Smt. Rashmi Jain | - | Joint Secretary |
| ii. | Shri A.K. Srivastava | - | Additional Director |

2. As the Chairman could not attend the sitting due to pre-occupation, the members chose Shri A.A Jinnah, MP and a member of the Committee, to act as the Chairman. The Acting Chairman welcomed the members to the sitting of the Committee.

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

(i) *****

(ii) Draft Report on Action Taken by the Government on the recommendations contained in the Twenty-sixth Report (15th Lok Sabha) on Demands for Grants (2012-13) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

(iii) *****

(iv) *****

4. After some discussion, the draft Reports were adopted by the Committee.
The Committee then adjourned.

 *** *Matters not related to this Report.*

Appendix – II

(Vide Para 3 of the Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY SIXTH REPORT (15TH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2011-12) ON 'DEMANDS FOR GRANTS (2012-2013)' OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS AND PETROCHEMICALS).

I	Total No. of Recommendations	9
II	Observations / Recommendations which have been accepted by the Government:- (Vide Recommendation Nos. 1, 2, 3, 5, 6, 7 and 9)	7
Percentage of Total		78%
III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply:- (Vide Recommendation Sl. No. Nil)	0
Percentage of Total		0%
IV	Observations / Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration:- (Vide Recommendation Sl. No. Nil)	0
Percentage of Total		0%
V	Observations / Recommendations in respect of which replies of the Government are of interim nature:- (Vide Recommendation Nos. 4 and 8)	2
Percentage of Total		22%