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## STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2015-16)

### SIXTEENTH LOK SABHA

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

*[Action Taken by the Government on the Observations / Recommendations contained in the Seventeenth Report (Sixteenth Lok Sabha) of the Committee on the subject, "Petroleum, Chemicals, Petrochemicals Investment Regions (PCPIRs)" of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]*



## TWENTY FIFTH REPORT

LOK SABHA SECRETARIAT  
NEW DELHI

AUGUST, 2016 / SHRAVANA, 1938 (SAKA)

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(2015-16)**

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

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"Petroleum, Chemicals, Petrochemicals Investment Regions (PCPIRs)" of the  
Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]*

*Presented to Lok Sabha on 11 August 2016*

*Laid in Rajya Sabha on 11 August 2016*

**LOK SABHA SECRETARIAT  
NEW DELHI  
AUGUST, 2016 / SHRAVANA, 1938 (SAKA)**

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**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2015-16)**

**Shri Anandrao Adsul - Chairperson**

**Members**

**Lok Sabha**

2. Shri Idris Ali
3. Smt. Anju Bala
4. Shri B.N. Chandrappa
5. Shri Sankar Prasad Datta
6. Smt. Veena Devi
7. Shri R.Dhruvanarayana
8. Shri Innocent
9. Shri K. Ashok Kumar
10. Shri Kamalbhan Singh Marabi
11. Shri Chhedi Paswan
12. Smt. Kamala Devi Patle
13. Shri Rajendran S.
14. Shri Kotha Prabhakar Reddy
15. Shri Chandu Lal Sahu
16. Dr. Kulamani Samal
17. Dr. Uma Saren
18. Dr. Krishna Pratap Singh
19. Shri Taslimuddin
20. Smt. Rekha Arun Verma
21. Shri George Baker

**Rajya Sabha**

22. Shri Biswajit Daimary
23. Shri Ram Vichar Netam
24. Shri Sanjay Dattatraya Kakade
25. Shri Narayan Lal Panchariya
26. Shri K Parasaran
27. Shri Garikapati Mohan Rao
28. Dr. Sanjay Sinh
29. Shri Palvai Govardhan Reddy
30. Shri Surendra Singh Nagar
31. Shri Abdul Wahab

**SECRETARIAT**

Smt. Rashmi Jain	-	Joint Secretary
Shri A.K.Srivastava	-	Director
Shri RamPrakash	-	Additional Director
Shri Thangkhanlal Ngaihte	-	Senior Committee Assistant

(iii)

**INTRODUCTION**

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2015-2016) having been authorised by the Committee to present the Report on their behalf, present this Twenty Fifth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/ recommendations contained in the Seventeenth Report (Sixteenth Lok Sabha) of the Committee on the subject, "Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs)" of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Seventeenth Report (Sixteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 25.02.2016. The Action Taken replies of Government to all observations/ recommendations contained in the Report were received on 15.07.2016. The Standing Committee on Chemicals and Fertilizers (2015-2016) considered and adopted this Report at their sitting held on 09.08.2016.

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

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

5. 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;  
09 August, 2016  
18 Ashravana 1938 (Saka)

ANANDRAO ADSUL  
Chairperson  
Standing Committee on  
Chemicals and Fertilizers

## REPORT

### CHAPTER – I

This Report of the Standing Committee on Chemicals and Fertilizers (2015-16) deals with the action taken by the Government on the Observations / Recommendations contained in the Seventeenth Report (Sixteenth Lok Sabha) of the Committee on the subject, "Petroleum, Chemicals, Petrochemicals Investment Regions (PCPIRs)" of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) which was presented to Lok Sabha on 25.2.2016. In all, the Committee made 10 Observations / Recommendations in the said Report.

2. The Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) were requested to furnish replies to the Observations/ Recommendations contained in the Seventeenth Report within three months from the date of presentation of the Report, i.e. by 25.5.2016. The Action Taken Replies of the Government in respect of all the 10 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.25017/6/2015-PCPIR (FTS:8442) dated 13.7.2016 after a long delay. Accordingly, the Replies have been examined and categorized as follows:-

- |       |   |                           |
|-------|---|---------------------------|
| (i)   | Observations/Recommendations which have been accepted by the Government-<br>Rec. No. 3, 6, 7, 8 and 10  | (Total=5)<br>Chapter-II   |
| (ii)  | Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply-<br>Rec. No. Nil                                     | (Total =0)<br>Chapter-III |
| (iii) | Observations/Recommendations in respect of which reply of the Government have not been accepted by the Committee and which require reiteration-<br>Rec. No. Nil | (Total=0)<br>Chapter-IV   |
| (iv)  | Observations/Recommendations in respect of which final replies of the Government are still awaited-<br>Rec. Nos. 1, 2, 4, 5 and 9                               | (Total=5)<br>Chapter-V    |

**3. The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter - I (including Chapter V) of this Report 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. Budgetary support for the PCPIR projects.**

### **RECOMMENDATION NO.1**

5. Emphasizing the need for adequate budgetary support to the PCPIRs to take care of infrastructure, etc, the Committee had recommended as under:

“During the course of the examination of the subject the Committee observed that there is lack of budgetary support for the PCPIRs by the Central Government and no provisions have been made in the Demands for grants specifically for the implementation of PCPIRs. The Department in this regard informed the Committee that State Government such as Odisha, Gujarat and Andhra Pradesh are seeking some kind of financial incentives and handholding in the form of budgetary support from the Central Government. When the Committee enquired about the Viability Gap Funding (VGF), the Secretary of the Department of Chemical and Petrochemical stated that the 20 percent contribution towards Viability Gap Funding could be diverted as budgetary contribution either towards State Public Sector undertakings (PSUs) or the State Government implementing the PCPIR project. Further, the Department has stated that a minimum amount of Rs. 1000 crore should be the amount for each PCPIR from the Government of India.

The Committee therefore, recommend that the required budgetary allocation preferably the demand of the minimum of Rs. 1000 crore to take care of infrastructure, etc. for each PCPIR should be explored. The Department must take up the matter earnestly with the Ministry of Finance for allocation. The Committee would like to be apprised of the action taken by the Government in this regard.”

### **REPLY OF THE GOVERNMENT**

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

“The Department acknowledges the concern of the Committee to make the PCPIRs fully operational. The Department, based on the requests received from PCPIR States, has proposed the provision of Budgetary Allocation not exceeding Rs. 1000 Crore for each PCPIR to be made in the proposed amendment in PCPIR Policy 2007, to take care of the requirements of internal infrastructure, Common Utility Infrastructure, technical assistance etc in the PCPIRs. This budgetary allocation is in addition to the earlier approvals granted by the CCEA for VGF for external linkages, utilities etc. The above amendment in the PCPIR Policy has been included in the draft note proposed for consideration of Committee of Secretaries (COS).”

### **COMMENTS OF THE COMMITTEE**

**7. In their report, the Committee had recommended a budgetary contribution of Rs. 1000 crore for each PCPIR from the Government.**

**In its Action Taken Reply (ATR), the Department stated that it had proposed the provision of Budgetary Allocation not exceeding Rs. 1000 crore for each PCPIR in the proposed amendments in the PCPIR Policy 2007 which is being put up for the consideration of the Committee of Secretaries (CoS). This proposed allocation will be in addition to the earlier approvals granted by the Cabinet Committee on Economic Affairs (CCEA) for Viability Gap Funding (VGF) for external linkages, utilities, etc.**

**The Committee are satisfied that the Government had proposed for a budgetary allocation not exceeding Rs. 1000 crore for each PCPIR in the draft note of proposed amendment in the PCPIR Policy 2007 for the consideration of the Committee of Secretaries (CoS) of the Government of India. As the proposal is yet to be accepted and implemented, the Committee would like to await for the outcome but desire that the Department should pursue the matter so that the same may be accepted and implemented soon.**

#### **B. Issues relating to Public-Private Partnership (PPP)**

### **RECOMMENDATION NO. 2**

**8. While expressing deep concern about the lack of private funding under the PPP mode of the PCPIRs, the Committee had recommended as under:-**

**"The Committee observed that there is lack of response from investors to participate in the PCPIR projects under the Public Private Partnership (PPP) mode. In this regard, the Department has stated that the private firm who is a developer or co-developer has to invest large amount of funds beforehand and there is long gestation period between the time money would be invested and repayment time for the investors. Also the slow creation of infrastructure acts as a disincentive. Therefore, not many private firms are interested in investing in projects and many are reluctant to come on board.**

**The Committee are deeply concerned about the lack of private funding under the PPP mode in the project. The Committee, therefore, recommended that the Government of India should mull over giving some kind of incentives or concessions may be in terms of easing the formalities for these projects and tax concessions, etc. to the private forms to invest in the PCPIR projects so that the PCPIRs are developed to its full capacity. The Committee hope that the Department will seriously consider these issues and come out with a comprehensive plan to address the problem at the earliest."**



### **REPLY OF THE GOVERNMENT**

9. In its action taken reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals has stated as under:

“The Department agrees with the observations of the Committee regarding lackadaisical response by private investors in PCPIRs and to give some kind of incentives or concessions to the private forms to invest in the PCPIR projects so that the PCPIRs are developed to its full capacity. Taking into consideration of these facts/ scenario, some incentives to ease the formalities and a proposal for providing tax concessions have been included by the Department in the amendments proposed in the PCPIR Policy 2007. The proposed amendments for incentives by the Governments, Central & State, like on Excise duty, proposed GST, Tax holidays, according priority status etc. will go a long way in attracting investors. The amendments proposed in the PCPIR Policy 2007 are under consideration of CoS.

Government of Odisha has also come up with Industrial Policy Resolution – 2015 which identifies the Petroleum, Chemicals & Petrochemicals as the focus sector for the next 5 years and the sector has been categorized under the Priority sector for extending various incentives to the investors. The developers / investors would avail incentives for land rate concessions, stamp duty exemption, interest subsidy, VAT and entry tax reimbursement, green energy subsidy and environmental protection infrastructure subsidy, employment cost subsidy etc.

The PCPIRs will be able to attract investment from private parties once these incentives or concessions are announced for PCPIRs by the Government.”

### **COMMENTS OF THE COMMITTEE**

10. In their Report, the Committee had recommended that the Government of India should consider giving to the private firms participating in the PCPIRs, some kind of incentives or concessions, may be in terms of easing the formalities for these projects and tax concessions, etc.

In its ATR, the Department stated that it is in agreement with the recommendations of the Committee regarding lackadaisical response by private investors in the PCPIRs and to give them some kind of incentives or concessions so that they may have the incentive to invest in these projects. The Department further informed that some incentives to ease the formalities and a proposal for providing tax concessions in the form of excise duty, proposed GST, Tax holidays, according priority status etc. have already been included by the Department in the amendments proposed in the PCPIR Policy 2007. These amendments proposed in the PCPIR Policy 2007 are under consideration of the Committee of Secretaries (CoS).

The Committee after considering the Reply, reiterate their earlier recommendation and desire that the Department should scrupulously pursue the

**matter so that the proposed amendments to the PCPIR Policy 2007 are accepted and implemented. The Committee desire to be apprised of the progress in this regard.**

**C. Master Plan, Environmental Clearance and Disaster Management**

**RECOMMENDATION NO. 4**

11. Regarding the issues relating to Master Plan, Environmental Clearance and Disaster Management of each of the PCPIR projects, the Committee's recommendations and the Government's replies have been reproduced as under:-

(a) "The Committee noted that the Development Plan/ Master Plan of Dahej PCPIR, Gujarat has been sanctioned in September, 2012 and town planning schemes are being implemented. The master Plans of Paradip PCPIR, Odisha and Visakhapatnam – Kakinada PCPIR, Andhra Pradesh are in process. Master Plan activity for the PCPIR in Tamil Nadu would be initiated by the State government after notification of PCPIR and formation of the Management Board. The Committee in this regard recommend that the Master Plans for Paradip PCPIR, Visakhapatnam – Kakinada PCPIR and Cuddalore – Nagapattinam PCPIRs may be finalized expeditiously in a time bound manner."

**REPLY OF THE GOVERNMENT**

12(a) "As has been intimated by the concerned PCPIR implementing States, the Draft Master Plan for Andhra Pradesh PCPIR was published on 5.8.2013 and the Final Master Plan was prepared duly addressing the objections/suggestions received from the public and were submitted to the Municipal Administration & Urban Development Department of Government of Andhra Pradesh on 23.5.2014 for approval. The Municipal Administration & Urban Development Department has called for objections from the public and has advised the PCPIR Special Development Authority (SDA) to examine these objections and to resubmit the Master Plan duly incorporating the revisions. Final incorporation of suggestions and objections to the Draft Master Plan is in progress. Once the Anchor unit is finalized, based on its location, size and configuration, Master Plan would be finalized.

In case of Odisha PCPIR (Paradeep), draft Master Plan was prepared in 2010 indicating the tentative zoning plans and the associated expenses. Agencies for undertaking detailed Master Planning & Zoning Plans for the region; water assessment study for the region and development of road from Bhubaneswar to Paradeep PCPIR have also been engaged. DPR, comprehensive master plan and zonal plan are underway through these consultant / agencies and expected to be completed by October, 2017.

As regards Tamil Nadu PCPIR, the Master Plan will be prepared by the Local Planning Authority that is to be constituted under the Tamil Nadu Town and Country Planning Act, 1971. Draft Master Plan is likely to complete by June 2017.

The Department has requested Governments of Andhra Pradesh, Odisha and Tamil Nadu to finalize the Master Plans of PCPIRs in a time bound manner."

(b) The Department has assured the Committee that safeguards relating to the Environment and Chemical hazards will not be compromised, but concrete action would be taken to ensure the same. The Committee noted that the environmental clearance with regard to the Dahej PCPIR is in its final stages but the Coastal Regulatory Zone recommendations are still awaited as the CRZ Committee have not

yet been constituted by the State Government. The Committee were informed that concerns relating to air and water pollution are being taken care of by the companies concerned established in the region who have their own standards or by the Common Effluent treatment Plant (CETP). As regards Andhra Pradesh PCPIR, the Committee observed with concern that the public hearing regarding the Andhra Pradesh Pollution Control Board through the district authorities of two districts i.e. Visakhapatnam and East Godavari (Kakinada). The Committee were given to understand that once the anchor unit is finalized and accordingly the public hearing will be conducted. Regarding Odisha PCPIR, the Department has informed that the Industrial Development Corporation of Odisha, Government of Odisha has taken up with Environmental Protection Training and Research Institute to carry out detailed Environmental Impact Assessment and Environment Management Plan. Further, during the evidence it was also informed that environment clearance is in the final stages and is with the Ministry of Environment, Forests and Climate Change for clearance.

The Department has accepted that chemical industries are very polluting industries. The Committee, therefore, desire that there should not be any compromises or laxity on the safety safeguards as far as environmental pollution is concerned. The Committee are happy to note the positive developments for environment clearances relating to the Dahej PCPIR. As regards the constitution of CRZ Committee, the Committee recommend the Department to take up the matter with the State Government of Gujarat vigorously to expedite its recommendations. The Committee further desire that the Department/State Government should not leave the question of enforcing strict environmental cleanliness standards on the investors and companies alone. There should be a strict oversight mechanism so that the environment and public health do not suffer because of the project. The Committee observe that Environment Impact Assessment studies of Paradip PCPIR and Visakhapatnam-Kakinada PCPIR are at different stages and in respect of Tamil Nadu PCPIR, EIA is yet to be undertaken. The Committee feel that Environmental Clearance is the main issue in the Master Plan and as such cannot be isolated from the Master Plan. The success of a PCPIR project depends upon the expeditious environmental clearance. The Committee, therefore, recommend that the Department should actively coordinate with the Ministry of Environment, Forest and Climate Change, Central Pollution Control Board and the concerned State Pollution Control Boards to ensure that environmental safeguards do not suffer due to inter-Ministry and inter-Agency wrangles or duplication of functions and that environmental safety is not compromised in anyway. While appreciating the efforts made in respect of Paradip PCPIR and Visakhapatnam-Kakinada PCPIR, the Committee recommend that synergic efforts should be made to settle the issue of environmental clearance in a time bound manner. The Committee also recommend that the Department must ensure that the Tamil Nadu PCPIR should not lag behind on this crucial issue.

### **REPLY OF THE GOVERNMENT**

12(b) "The underlying concept of PCPIR is to promote petroleum, chemical and petrochemical industries in an integrated and environmental friendly manner, where in environmental safety & safe guards are not to be comprised. The Governments of Andhra Pradesh, Odisha, Tamil Nadu and Gujarat have been requested to ensure that environmental safety is not compromised while implementing PCPIRs. As regards, Environmental clearance, Governments of Andhra Pradesh has intimated that the draft EIA report was submitted to the Andhra Pradesh Pollution Control Broad (APPCB) on 03.11.2014. The public hearing is to be taken up by the APPCB through District Authorities of two Districts Visakhapatnam and East Godavari (Kakindada).

Whereas Government of Odisha has engaged Environmental Protection Training and Research Institute (EPTRI) for undertaking the study for the project and the environmental clearance is expected to be obtained by October, 2017.

The State Governments have been requested to expedite the EIA study and get the clearance from the Ministry of Environment, Forest and Climate Change (MoEFCC). They have also been requested to follow the safety standards meticulously so that the environment and public health do not suffer because of the project. The Steering Committee on PCPIR monitors the progress of PCPIRs and a representative from the Ministry of Environment, Forest and Climate Change has been included in the Committee."

(c) For addressing any event of disaster or natural calamity occurring in any of the PCPIR zones, the Committee further recommend that the Department and the investing companies should prepare a Disaster management plan as part of the Master Plan. There should be a rigorous oversight mechanism in the Master Plan so that public health and marine life is not endangered at the time of disasters. The need for a good disaster management plan is highlighted by the "Thane" cyclone that hit the Tamil Nadu PCPIR project by about five years now. Since the PCPIRs are situated in the coastal areas, they are susceptible to cyclones, floods, tsunami, etc. The Committee desire the Department to take expeditious necessary measures in this regard and establish the Disaster management Plan as part of the Master Plan. Further, the Committee desire that the detailed plan, including the composition and power, for the National Chemical Safety Board, which is an institution to be set up for the purpose as part of the proposed National Chemical Policy may be finalized at the earliest. The Committee would like to be apprised of the action taken in this regard.

### **REPLY OF THE GOVERNMENT**

12(c) "The State Governments of the PCPIR States have confirmed inclusion of Disaster Management Plan in the Master Plan of respective PCPIR, keeping in view the vulnerable & environment sensitive location of PCPIRs in coastal areas. The Department is in the process of preparation of "National Chemical Policy", which, inter-alia, include setting up of National Chemical Safety Council. The Draft Cabinet Note on 'National Chemical Policy' was circulated to D/o Expenditure (M/o Finance), NITI Aayog and PMO for their comments. The comments / views received under inter-departmental consultation are under examination in the Department."

### **COMMENTS OF THE COMMITTEE**

**13. (a) In their Report, the Committee had recommended that the Master Plans of all the four PCPIRs be finalized expeditiously in a time-bound manner.**

**In reply to the above recommendation, the Department has stated that with regard to the Andhra Pradesh PCPIR, the final incorporation of suggestions and objections to the Draft Master Plan is in progress. Once the Anchor unit is finalized, based on its location, size and configuration, Master Plan would be finalized. Regarding Odisha PCPIR, the Detailed Project Report (DPR), comprehensive Master Plan and zonal plan are underway and these are expected to be completed by**

October, 2017. As for Tamil Nadu PCPIR, the draft Master Plan is likely to be completed by June 2017.

In light of the above, the Committee desire that no efforts be spared to achieve the targets within the stipulated time-lines. The Committee are, however, distressed to note that the anchor tenant for the Andhra Pradesh PCPIR has not been finalized so far and recommend that expeditious action be taken on the matter so as to quickly finalize the same. The progress made with regard to finalization of the Master Plans of the three PCPIRs as stated above, or problems encountered, if any, may be intimated to the Committee at the time of furnishing the Action Taken Statements by the Department.

(b) In their Report, the Committee categorically stated that there should not be any compromise or laxity as far as environmental safeguards are concerned. The Committee accordingly recommended that there should be a strict oversight mechanism for possible environmental lapses and that the Department should actively coordinate with the Ministry of Environment, Forest and Climate Change, Central Pollution Control Board and the concerned State Pollution Control Boards to ensure that environmental safeguards do not suffer due to inter- Ministry and inter-Agency wrangles or duplication of functions and that environmental safety is not comprised in anyway.

In its Action Taken Reply (ATR), the Department has stated that it had requested the Governments of Andhra Pradesh, Odisha, Tamil Nadu and Gujarat to ensure that environmental safety is not compromised while implementing PCPIRs. The Department had also requested these four State Governments to expedite the EIA study and get the clearance from the Ministry of Environment, Forest and Climate Change (MoEFCC). Further, a representative from the Ministry of Environment, Forest and Climate Change has been included in the Steering Committee on PCPIR which monitors the progress of PCPIRs.

The Committee observe that while there are some visible actions by the Andhra Pradesh and Odisha Governments with regard to getting environmental clearances, no such actions taken by the Governments of Gujarat and Tamil Nadu have been highlighted by the Department in its ATR. In light of the above, the Committee reiterate their recommendation on the absolute need to adhere to all environmental safety standards and to work actively with the State Governments, Anchor Tenants and other concerned Ministries like the Ministry of Environment, Forest and Climate Change (MoEFCC) to ensure the same. The Committee therefore

desire to be apprised of the progress made with regard to environmental clearances, in-house effluent treatment plants, etc. for all the four PCPIRs in detail at the earliest.

(c) The Committee had further recommended that the Department and the investing companies should prepare a Disaster management plan as part of the Master Plan with a view to addressing any event of disaster or natural calamity occurring in any of the PCPIR zones. In its ATR, the Department had stated that all the PCPIR States have confirmed inclusion of Disaster Management Plan in the Master Plan of respective PCPIR, keeping in view the vulnerable and environment sensitive location of PCPIRs in coastal areas. However, the Department had informed that it is still examining inputs regarding the draft National Chemical Policy (NCP), which, inter alia, includes the idea of setting up the National Chemical Safety Council (NCSC).

The Committee are dismayed to note that the Department is still examining the inputs regarding the National Chemical Policy which is a prerequisite for setting up the National Chemical Safety Council. In view of the above, the Committee desire that the Department should expedite the process of preparation of the National Chemical Policy (NCP) and finalize the same at the earliest. The progress made in this regard may be communicated to the Committee at the time of furnishing the Action Taken Statements by the Department.

#### **D. Issues relating to implementation of PCPIR projects.**

##### **RECOMMENDATION NO. 5**

14. Regarding the issues affecting the implementation of each of the PCPIR projects, the Committee's recommendations and the Government's replies have been reproduced as under:-

##### **"Gujarat PCPIR:**

The Committee noted that regarding Dahej PCPIR in Gujarat, the Development Plan or Master Plan of Dahej PCPIR has been sanctioned in September, 2012 and town planning schemes are being implemented. Environmental clearances are at their final stages. Processes of rehabilitation and compensation of the affected people are going well. The Committee hope that all components of the project of Dahej PCPIR will be completed soon and recommend that the Department should coordinate with the State Government and the anchor tenant so that the PCPIR may be completed as per schedule."

##### **REPLY OF THE GOVERNMENT**

(15(a) "The implementation on Dahej PCPIR is progressing well with sanctioning of Development Plan and progressive approval of Town Planning schemes. The final Environment Impact Assessment (EIA) report for Dahej PCPIR has been uploaded on MoEF website in September 2015. The comprehensive component-wise status report

is awaited from the Government of Gujarat and the Dahej PCPIR Anchor Tenant, OPAL.

### **Odisha PCPIR:**

As for the Paradip PCPIR in Odisha, the Committee observed that commissioning of the refinery at Paradip has started and Polypropylene plant will be commissioned in 2017. According to the Department, one problem encountered is that Naphtha is not available for cracking and no commitment to set up Naphtha cracker can be made at present. In future gas and other options may be explored. Currently there is no availability of Natural Gas in Paradip. The Indian Oil Corporation Ltd (IOCL) which is the Anchor Tenant in Paradip, is making modifications to make propylene from the Fluidized Catalytic Cracking (FCC) unit which will be converted into Polypropylene and can be utilized in the proposed Plastic Park In the same PCPIR location. The Department further stated that the Ministry of Petroleum and Natural Gas, had informed that currently IOCL is having difficulty in putting up of Naphtha cracker at Paradip.

In light of the above, the Committee recommend that the Department should sort out the problems relating to feedstock non-availability at Paradip PCPIR in coordination with the Anchor Tenant and the State Government at the earliest. The Committee are concerned that problems such as stated above were not recognized earlier by the Department. Given the huge importance of the project for the overall development of the Paradip region, it is essential that all problems are sorted out and the project commissioned as per schedule. The Committee desire to be apprised of the measures taken in this regard.

### **REPLY OF THE GOVERNMENT**

**15(b)** In order to facilitate availability of feed stock for petrochemical complex, LNG import by IOCL through Dhamra port is being planned. In addition, a bi-directional gas pipeline from Surat to Paradeep is being implemented by GAIL. The Anchor unit of IOCL is preparing downstream petrochemical units based on the products of the refinery in addition to polypropylene e.g. MEG, Paraxylene etc. Subject to Techno Commercial feasibility.

### **Andhra Pradesh PCPIR:**

The Committee is distressed and displeased to note that the Andhra Pradesh PCPIR, which was approved in February 2009 is not progressing well. The Department has informed that the Anchor Tenant, Hindustan Petroleum Corporation Ltd (HPCL)'s greenfield project to establish a refinery could not materialize due to lack of feasibility and that they are in the process of taking up the feasibility study for establishing petrochemical complex without a refinery. The Department stated that feasibility study for anchor unit is expected to be completed by June 2016 and then it would be placed before the Board of HPCL and Gas Authority of India Ltd (GAIL) for approval. After approval, HPCL has informed that the construction of Anchor unit will take four years from commencement of the work.

The Committee are of the opinion that the Department had not put in concrete efforts to accelerate the process. Since the Anchor client is not finalized, the rest of the process, viz. master plan, environmental study, public hearing, etc. cannot be concluded.

The Committee therefore strongly recommend that the Central Government should take immediate steps to promote the project as it is meant to lead to the development of the region and give employment to lakhs of people. The Committee desire that the Department should monitor the progress of the project constantly and ensure that the feasibility study of the anchor unit is completed by 2016 without any further time and cost overruns.

### **REPLY OF THE GOVERNMENT**

15(c) HPCL, GAIL and Government of Andhra Pradesh (GoAP) are in process of setting up of imported Ethane based Petrochemical complex without a refinery in Andhra Pradesh PCPIR. The likely location of the complex is Kakinada, however, formal decision of GoAP is awaited. GAIL and HPCL have started the process for feasibility study. The proposed complex would be either gas based or dual feed (Gas + Naphtha). In the past, project configuration for anchor units were finalized by the anchor tenants, without considering the requirements of downstream industries. In order to avoid the same situation in AP PCPIR, the promoters organized a workshop to collate the views / expectations of Industries before finalizing the configuration for the proposed petrochemical complex in AP PCPIR. The concurrent development of downstream industries would lead to substantial investment and employment generation in the region. The configuration of the proposed petrochemical complex and the feasibility study shall be completed expeditiously, after completion of this consultation process with prospective downstream partners / industries. The Department is actively involved in the process.

#### **Tamil Nadu PCPIR:**

The Committee are distressed to note that not much progress have been made with regard to Tamil Nadu PCPIR which was approved way back in July 2012. The Department has informed that the construction works of the project were disrupted by "Thane" cyclone in December 2011. Only preservation work is going on since then. Restart of the construction work of NOCL's refinery is expected only in early 2016. The Phase-1 of the project is to be commissioned in 2017-18 and Phase-2 which has the full capacity of 12 million tonnes per year is to be commissioned in 2019. As of now, the PCPIR area has not been notified and the PCPIR Management Board is yet to be constituted. Further, the Master Plan is yet to be prepared and the Environmental Impact Assessment is yet to be undertaken.

The Committee therefore desire that the Department should actively coordinate with the State Government of Tamil Nadu and the anchor tenant, viz. Nagarjuna Oil Corporation Ltd (NOCL) so that the project is commissioned as scheduled by 2017-18. Further, given that the onus of notifying the PCPIR area, constitution of the PCPIR Management Board, etc. lies with the State Government, the Department should proactively pursue the matter with the State Government so that no further delay occurs.

### **REPLY OF THE GOVERNMENT**

15(d) The Tamil Nadu PCPIR has been notified in January, 2016 vide Tamil Nadu Govt. Gazette Notifications dated 13.01.2016. As informed by the State Government, the Management Board will be constituted for the TNPCPIR shortly, after constitution of the Local Planning Authority by the State Govt.



### **Concluding remarks:**

The Committee observe from the status of implementation of the four PCPIRs mentioned in the preceding paragraphs that the level of progress for the four PCPIRs is quite uneven. There are problems and challenges specific to the location, etc. However, a proper coordination by the Department through a strong oversight mechanism at the Centre and State level will accelerate the progress of the PCPIRs. The Committee desire that the Department may take necessary measures toward this end.

### **REPLY OF THE GOVERNMENT**

15(e) The Steering Committee at the Centre and the Management Boards at the State level are monitoring and coordinating the progress and implementation of the PCPIR projects. The latest meeting of the Steering Committee to review implementation of PCPIR Policy in the present form and interventions required to make the PCPIRs successful was held on 17.06.2016. In the meeting, all these relevant issues were discussed and detailed review of the progress of the implementation of PCPIRs was undertaken. The states have been advised to take proactive & collated action, in concert with Anchor Tenants, to accelerate the progress of the PCPIRs.

### **COMMENTS OF THE COMMITTEE**

**16. (a) Regarding Dahej PCPIR, the Committee had recommended that the Department should coordinate with the State Government and the anchor tenant so that the PCPIR may be completed as per schedule. In its ATR, the Department had stated that the implementation of Dahej PCPIR is progressing well but the comprehensive component-wise status report is awaited from the Government of Gujarat and the Dahej PCPIR Anchor Tenant, OPAL.**

**In this regard, the Committee are disappointed that the comprehensive component-wise status report of the Dahej PCPIR is still awaited. The Committee note that as per the schedule provided by the Department in the original Report of the Committee, the Anchor project was scheduled to be commissioned by the first quarter of 2016. The Committee, therefore, reiterate their earlier recommendation for completion of all the aspects of the Dahej PCPIR as per schedule and desire the Department to intimate them about the progress in this regard.**

**(b) Regarding the problems encountered at the Paradip PCPIR because of the non-availability of feedstock, the Committee had recommended that the Department should sort out the problems in coordination with the Anchor Tenant and the State Government at the earliest and commission the Project as per schedule. In its ATR, the Department had stated that various steps have been taken to ensure availability**

of feed stock for petrochemical complex, including by planning to import LNG through Dhamra port by IOCL. Further, the Department had informed that a bi-directional gas pipeline from Surat to Paradip is being implemented by GAIL.

In this regard, the Committee note with concern that though the Department is taking steps to ensure the availability of feedstock at Paradip PCPIR, but these are still at planning stage. The Committee therefore desire that the Department may proactively monitor implementation of availability of feedstock and inform the Committee of the progress made at the earliest.

(c) In their Report, the Committee came down very hard on the Department for lapses regarding the Visakhapatnam-Kakinada PCPIR and observed that since the Anchor client is not finalized, the rest of the process, viz. master plan, environmental study, public hearing, etc. cannot be concluded. The Committee had strongly recommended that the Government should take concrete steps to promote the project and monitor the progress of the project constantly and ensure that the feasibility study of the anchor unit is completed by 2016 without any further time and cost overruns. In its ATR, the Department had stated that the HPCL, GAIL and Government of Andhra Pradesh (GoAP) are in the process of setting up of imported Ethane based Petrochemical complex without a refinery in Andhra Pradesh PCPIR at Kakinada. Feasibility studies for the same have already started and assured that the Department is actively involved in the process.

In this regard, the Committee note that the Government of Andhra Pradesh is yet to take a decision on the location of the planned petrochemicals complex. The Complex will be without refinery and the feasibility study is ongoing. The Committee are distressed that there are still so many issues to be resolved to make the Andhra Pradesh PCPIR a reality. The Committee, therefore, desire that the Department should actively oversee the project and intimate the Committee of the progress made in that regard.

(d) In their Report, the Committee note that Phase-1 of the Cuddalore-Nagapattinam PCPIR project is to be commissioned only in 2017-18 and Phase-2 which has the full capacity of 12 million tonnes per year is to be commissioned in 2019. The PCPIR area had not been notified and the PCPIR Management Board was yet to be constituted. Taking a serious view of the matter, the Committee had recommended that the Department should actively coordinate with the State Government of Tamil Nadu and the anchor tenant, viz. Nagarjuna Oil Corporation Ltd (NOCL) so that the project is commissioned as scheduled by 2017-18.

In its ATR, the Department had informed that the Tamil Nadu PCPIR had already been notified in January, 2016 and that the Management Board will be constituted shortly, after constitution of the Local Planning Authority by the State Government.

In this regard, the Committee are of the view that to make the Tamil Nadu PCPIR a success, time-bound deadlines may be set and every effort should be made to adhere to them. The Committee therefore reiterate their earlier recommendation that maximum visible efforts must be made to ensure that the project is commissioned as per schedule by 2017-18. The Committee desire to be apprised of all actions taken toward this end.

(e) The Committee had lastly observed that the level of progress of the four PCPIRs is quite uneven and emphasized the need for a strong oversight mechanism at the Centre and State levels to accelerate the progress of each of the PCPIRs. In its ATR, the Department had stated that the Steering Committee at the Centre and the Management Boards at the State level are monitoring and coordinating the progress and implementation of the PCPIR projects. The Department had also informed that the states have been advised to take proactive and collated action, in concert with Anchor Tenants, to accelerate the progress of the PCPIRs.

The Committee appreciate the role of the Department in coordinating all activities relating to PCPIRs and note that the projects are implemented at the State level. The Committee are of the view that the PCPIRs planned in different parts of the Country will contribute to the growth of the industry and therefore, the Department of Chemicals and Petrochemicals should work in close coordination with the Ministry of Petroleum and Natural Gas at the central level and State Governments at the regional level towards making these flagship projects successful.

**E. Review of policy on PCPIRs.**

### **RECOMMENDATION NO. 9**

17. Noting that the Government is proposing a review of the PCPIR policy, the Committee had recommended as under:-

“The Committee noted that the Government is proposing a review of the PCPIR policy. One idea is to reduce the size of PCPIRs from the existing 250 sq. Kms to 50 square kilometers depending upon the utility area. Second, there should be a single window clearance where all the statutory authorities should have participation both from the Government of India, State Governments and the local Governments. That

will allow industrialists to take clearance only from one body. The Department has informed that on both these issues, the Committee of Secretaries has already agreed to the proposal.

In this regard, the Committee is of the opinion that the prescribed size of the PCPIR area need to be made flexible. If the prescribed size of the PCPIRs is reduced to 50 sq. kms, the size of investments required and infrastructural needs will also accordingly come down and that will allow smaller companies also to take part. More States may also be able to join the concept. The Committee desire that the Department may take proactive action to finalize and implement these measures.

Regarding the proposal for Single Window Clearance, the Committee are skeptical about the feasibility of the idea as PCPIRs encompass such a huge variety of issues ranging from environmental clearances, feedstock issues, infrastructure, marketing, etc. However, the Committee desire that the Department may explore various options toward this end on priority. Decisions taken in this regard may be communicated to the Committee at the earliest."

### **REPLY OF THE GOVERNMENT**

18. In its action taken reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals has stated as under:

"The proposal to reduce the prescribed size of PCPIR area in special cases from 250 sq. km to 50 sq. km has been incorporated in the amendments proposed in the PCPIR Policy. The Central Government may relax the condition of land requirement in special cases based on the factors of population density, environmental constraints, fertile agricultural land and contiguity of area. In no case the minimum land shall be less than 50 sq. km. with 40 % (i.e. 20 sq.km.) of processing area.

Single Window Clearance Mechanism at State level would help and facilitate the industries in investment and management of PCPIRs. Government of Odisha has also intimated that Single Window Clearance mechanism is followed in Odisha PCPIR. The other State Governments have been requested to implement the Single Window Clearance Mechanism at the earliest."

### **COMMENTS OF THE COMMITTEE**

19. In their recommendation, the Committee had supported the Department's proposal to reduce the prescribed size of PCPIRs from the existing 250 sq. Kms to 50 square kilometers depending upon the utility area. The Committee had, however, expressed skepticism about the Department's proposal for Single Window Clearance, given that the idea of PCPIR encompasses such a huge variety of issues. In its ATR, the Department had stated that the proposal to reduce the prescribed size of PCPIR area in special cases from 250 sq. km to 50 sq. km has already been incorporated in the amendments proposed in the PCPIR Policy 2007. Regarding the idea of Single Window Clearance, the Department had indicated that the idea is feasible and that the same has already been implemented in the case of Odisha PCPIR and other PCPIRs were instructed to follow the same.

**In view of the above, the Committee hope that these amendments will be implemented soon and they will yield positive results for the PCPIR projects. The Committee desire to be apprised of the latest status of the above proposed amendments to the PCPIR Policy during the time of furnishing Action Taken Statement by the Department.**

**F. Promotional activities relating to PCPIRs**

**RECOMMENDATION NO. 10**

20. Expressing the need to step up promotional activities of PCPIRs to attract more investors from the private sector, the Committee had recommended as under:-

“The Committee observe that for the promotion of PCPIRs there should be enough publicity so that more investors specially the private firms are interested to invest in the PCPIR. The Department in this regard stated that PCPIRs are being marketed and publicized both at the domestic and international level along with the State Governments, Anchor tenants and industrial bodies through industry interactions, road shows, exhibitions, seminars, conferences etc. The Committee also note that the Department and other agencies are taking steps to promote PCPIRs on large scale through Newspaper Advertisements, Presentations, brochures and other marketing material.

However, while Dahej PCPIR, Gujarat and Paradip PCPIR, Odisha have organized various promotional activities and road – shows to market and promote PCPIRs, there seems to be no such specific promotional activities taken up by the Visakhapatnam – Kakinada PCPIR, Andhra Pradesh and Cuddalore – Nagapattinam PCPIR, Tamil Nadu.

The Committee, therefore, recommend that the Department and the state Governments should step up the promotional activities and also more innovative measures should be taken up to promote PCPIRs projects to attract more investors from international and local industrial firms. The Department should pay special attention to Andhra Pradesh and Tamil Nadu PCPIRs in this regard so that there is no laxity on their part to promote the PCPIRs.

The Committee would like to be informed about the steps taken in this regard."

**REPLY OF THE GOVERNMENT**

21. In its action taken reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals has stated as under:

“The Department of Chemicals and Petrochemicals takes up various activities to promote and attract investments in the PCPIRs, as under:

- Updated status of implementation of PCPIRs is uploaded on the Departmental website.
- .
- Department organizes events like PolyIndia, India Chem wherein PCPIR Policy is publicized.
- PCPIR Policy is also promoted through bilateral forums, participation in International Conferences like K-Fair, Chinaplas and Plastivision Arabia.

Promotion of PCPIR Policy is also undertaken at the State level such as:

- Special Purpose Vehicle (SPV) of the Odisha PCPIR is conducting various activities like road shows, participation in industry fairs / seminars etc.
- Global Investors Meet was conducted by the Tamil Nadu Govt. in September, 2015 in which more than 3000 delegates participated seminars were conducted on key infrastructure projects in the state, including the TN PCPIR.
- Road shows were conducted by the Tamil Nadu Govt. in state capitals to promote major infrastructure projects of the state, including the TN PCPIR.
- 'Vision Tamil Nadu – 2023' document was released by Chief Minister, Tamil Nadu, in which PCPIR is identified as one of the key projects.
- Interactive workshops / seminars by the respective State Governments to promote investment by downstream industries in PCPIR zones."

### **COMMENTS OF THE COMMITTEE**

**22. In their Report, the Committee had noted that while Dahej PCPIR, Gujarat and Paradip PCPIR, Odisha have organized various promotional activities and road – shows to market and promote PCPIRs, there seems to be no such specific promotional activities taken up by the Visakhapatnam – Kakinada PCPIR, Andhra Pradesh and Cuddalore – Nagapattinam PCPIR, Tamil Nadu. Accordingly, the Committee had recommended that the Department and the state Governments should step up the promotional activities with more innovative measures so as to attract more investors from international and local industrial firms. The Committee further asked the Department to pay special attention to Andhra Pradesh and Tamil Nadu PCPIRs. In its ATR, the Department listed the various events organized and other initiatives it had taken to promote PCPIRs at the Central and State levels. However, it did not mention any promotional activities being undertaken with regard to Andhra Pradesh PCPIR. Therefore, the Committee, while reiterating their earlier recommendation for stepping up promotional activities for the PCPIR projects, desire that the Department should work in close liaison with the concerned State Governments and other stakeholders, especially the Government of Andhra Pradesh, to promote and advertise the PCPIR projects so that the projects may generate enough investments from the private corporations and investors.**

## **CHAPTER – II**

### **OBSERVATIONS / RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **RECOMMENDATION NO. 3**

##### **MONITORING**

The Committee noted that at the Central level a Monitoring Committee headed by Secretary (Chemicals and Petrochemicals) used to monitor the progress of implementation of PCPIR periodically prior to 2014. The Committee were further informed that in the meeting called by Minister of Chemicals and Fertilizers to review the progress of PCPIR on 10.07.2014, it was decided to constitute Steering Committee for PCPIR project under the chairmanship of Secretary (Chemicals and Petrochemicals) in order to expedite the implementation of PCPIRs. The Steering Committee, consisting of representatives from concerned central Ministries, State Governments and Anchor Tenants have so far held seven meetings. Further, as per PCPIR policy at the State level, a Management Board would monitor the project.

In this regard, the Committee are of the opinion that proper coordination of the PCPIRs at the Central and State level is lacking. Under the present arrangement, there seem to be no rules regarding the frequency of the sitting of the Steering Committee. The wide disparities relating to implementation of the four PCPIRs is reflective of this lack of coordination at the Central and State levels. Therefore, the Committee recommend that the Department should review the monitoring mechanism followed for implementation of PCPIRs and ensure proper coordination amongst the Anchor Tenants, State Government and the Center so that issues can be sorted out expeditiously. The Committee further urges that while expediting the establishment of Management Board in each PCPIR, the Department may also explore the feasibility of setting up Management Boards for each PCPIR both at the Center and State level so that the implementation of the projects can be further accelerated. The Committee expects to be apprised of action taken in this regard.

##### **REPLY OF THE GOVERNMENT**

There are provisions incorporated in the PCPIR Policies, 2007 for proper Monitoring of implementation of PCPIR. The implementation of all PCPIRs is monitored regularly by the PCPIR Steering Committee under the Chairmanship of Secretary, C&PC. The Committee also examines the PCPIR Policy and its implementation in the present form and to recommend interventions / actions required to be taken to make the PCPIRs successful. The disparities relating to implementation of the four PCPIRs is mainly because of industrial status of these areas at the time of approval, according the approvals in different years and state specific issues relating to Master Planning & Environmental Impact Assessment Studies.

As regards setting up of a Management Body at Center level is concerned, it intimated that a management body constituted by the State Government for each PCPIR, under the relevant legislation, is responsible for the development and management of the PCPIR. The Management Board is also empowered to issue/expedite state level approvals. To facilitate transparent and smooth development and implementation of PCPIRs, Special Purpose Vehicle (SPV) is to be created by the Management Board of each PCPIR. All the tasks are related to the State level functions and are performed by the Management Board at State level. Therefore, having a Management Board at Central level may not be feasible.

**RECOMMENDATION NO. 6****FEEDSTOCK FOR DOWNSTREAM COMPANIES FOR PCPIRs**

The Committee were given to understand that the anchor tenants of the PCPIR projects, or the refineries, are willing to give only the granules, or dana in the market, but they are not willing to give the feedstock in liquid and gaseous form, saying that doing so will lead to losses for them. On the other hand, the Department has informed that the downstream industry is dependent on feedstock that is gaseous and liquid in form. If the downstream industries are not provided with the feedstock in gaseous and liquid form, no downstream industry can ever come up. This is a critical issue involving two ministries, viz. The Ministry of Chemicals and Fertilizers and the Ministry of Petroleum and Natural Gas. The Department has stated that it is presently seized with the matter and that discussions have already been initiated to resolve the issue with the Ministry of Petroleum and Natural Gas.

The Committee are distressed that this problem was realized at this late stage and not earlier when Anchor Tenants were selected. In light of the above, the Committee recommend that the Department should take up immediate steps to resolve the problem at the earliest so as to enable PCPIR projects or refineries to provide feedstock to downstream industries as per their requirements. The proposal to obtain feedstock from outside India to offset domestic scarcity should be expedited. Meanwhile, other issues like rates of import duty, etc. should be examined and decisions taken in consultation with all the stakeholders. Measures taken in this regard may be intimated to the Committee at the earliest.

**REPLY OF THE GOVERNMENT**

The issue of providing feedstock to the downstream industries by the Anchor Unit (Refinery / Petrochemicals Feedstock Company) was deliberated at the meetings of Committee of Secretaries held on 01.05.2015 to consider the proposed amendments in the PCPIR Policy, 2007. In the meeting, it was agreed that Department of Chemicals and Petrochemicals and M/o of Petroleum and Natural Gas will finalize modalities for provision / reservation of building blocks / feedstock for downstream industry by Anchor Tenants. Accordingly, the Department held detailed discussion with the units concerned and representatives from relevant industry to discuss and finalize the modalities for provision / reservation of building blocks / feedstock for downstream industry by Anchor Tenants on 10.8.2015. After detailed deliberations, a Technical working Group (TWG) was constituted to discuss and finalize / recommend the modalities. Based on the recommendations received from the TWG, following provisions have been incorporated in the proposed amendment of the PCPIR policy, 2007 for making provision / reservation of building blocks by Anchor Tenants:

- Reservation of Building Blocks for downstream by Anchor Tenants in new PCPIRs.
- State Govt. to identify Anchor Tenant and coordinate finalisation of product profile and project configuration including the setup of downstream industry.
- Reservation of minimum 20% building blocks for downstream by Anchor Tenants in new PCPIRs.
- Agreement with explicit commitments and responsibilities of each of the parties to be signed by State Govt., Anchor Tenants and downstream units.



The existing Anchor Tenants would also explore providing feedstock / building blocks to downstream units based on the business model agreed with these units in order to promote value addition and ensure maximum realization of the petrochemical value chain. As mentioned in reply to Recommendation no. 5 above, the Greenfield Anchor unit promoters in AP PCPIR are exploring requirement of downstream industry before finalization of configuration of the petrochemical complex.

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### **RECOMMENDATION NO. 7**

#### **EMPLOYMENT**

The Committee observed that the PCPIR projects are the most ambitious projects ever undertaken under the aegis of the Department of Chemicals and Petrochemicals. They involve monetary investments in terms of thousands of crores of rupees. The four PCPIR projects already approved, viz. Gujarat, Andhra Pradesh, Odisha and Tamil Nadu are together envisaged to provide direct and indirect employment opportunities to 33,96,000 people. Therefore, the success of these projects is of vital importance for the country's development as whole.

As per the Department, till now, 1,28,000 people have found employment (both direct and indirect) in the Gujarat PCPIR, 37,960 people in Odisha PCPIR, 29,420 in Andhra Pradesh PCPIR and 13,950 people in Tamil Nadu PCPIR. The Committee is given to understand that on completion, the Dahej PCPIR will give employment to 8 lakh people. While appreciating the progress made in the Gujarat PCPIR, the Committee hope that other PCPIR would also generate employment on the lines of Gujarat PCPIR.

In this regard, the Committee desire that local people be given preference for employment in the PCPIR projects. In areas where technical knowledge is required, the Department may undertake skills training programmes in coordination with the State Government and Anchor Tenants as done in Dahej PCPIR. Action taken in this regard may be communicated to the Committee at the earliest.

### **REPLY OF THE GOVERNMENT**

The State Governments have informed that the local people are given preference for employment in PCPIR projects in the four PCPIR states. The Department provides the Skill Development Training to the people through Central Institute of Plastics Engineering & technology (CIPET) Training centers in all the four PCPIR states. CIPET has centers in the following cities – Ahmedabad & Valsad (Gujarat), Bhubaneswar & Balasore (Odisha), Hyderabad & Vijayawada (Andhra Pradesh), Chennai & Madurai (Tamil Nadu) to technically equip local people for downstream plastic processing industries.

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### **RECOMMENDATION NO. 8**

#### **COMPENSATION AND WELFARE**

The Committee are pleased to observe that displacement of people is at the minimal level in some PCPIR projects as the project can co-exist with existing settlements. As for Paradip PCPIR, the Department had informed that the displacement anticipated during the land acquisition in the area for Phase – I of the Processing Area would be around 105 families. The actual displacement details shall be ascertained after detail socio-economic survey of the area is made.

In this regard, the Committee desire that the actual displacement details of people affected by all the PCPIR project be ascertained at the earliest and adequate compensation and rehabilitation accorded to them. The Committee express their satisfaction over the fact that land aggregation policy and welfare measures adopted by Gujarat Industrial Development Corporation (GIDC) had been quite successful with minimum number of complaints and 90 percent of land was acquired through consent procedure. The Committee therefore recommend that the successful model of rehabilitation and compensation followed in the case of Dahej PCPIR be replicated as far as possible in all the remaining PCPIRs. Action taken in this regard may be communicated to the Committee at the earliest.

### **REPLY OF THE GOVERNMENT**

The State Governments have been requested to ascertain the displacement details of people affected by the entire PCPIR project at the earliest and provide adequate compensation and rehabilitation to them. The State Governments have also been requested to follow the successful model of rehabilitation and compensation followed in the case of Dahej PCPIR.

As per the information received from the State Government, the Draft Master Plan for AP PCPIR is prepared in such a way that the displacement of people is at the minimum level. For the existing Industrial areas like Pharma City and AP SEZ at Vizag, 100% rehabilitation and compensation was accorded. The rehabilitation and compensation in the AP PCPIR will be through a similar process.

In case of TN PCPIR, the compensation payable to the owners of the land, if and when any lands are acquired for the PCPIR will be as per the provisions of the Central Act 30 of 2013 relating to Determination of Compensation in accordance with the First Schedule and Rehabilitation and Resettlement specified in the Second and Third Schedules and in accordance with the G O Ms No. 251, Industries (SIPCOT-LA), dated 31.12.2014 of Government of Tamil Nadu.

The exact assessment of displacement during the land acquisition for Paradip PCPIR will be taken up during the socio-impact study under the Environment Clearance Study. The compensation and Rehabilitation will be taken up as per the Guidelines of Land Acquisition, Rehabilitation and Resettlement (LARR) Act, 2013 and Odisha Rehabilitation and Resettlement (R & R) Policy, 2006.

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### **RECOMMENDATION NO. 10**

#### **PROMOTIONAL ACTIVITIES**

The Committee observe that for the promotion of PCPIRs there should be enough publicity so that more investors specially the private firms are interested to invest in the PCPIR. The Department in this regard stated that PCPIRs are being marketed and

publicized both at the domestic and international level along with the State Governments, Anchor tenants and industrial bodies through industry interactions, road shows, exhibitions, seminars, conferences etc. The Committee also note that the Department and other agencies are taking steps to promote PCPIRs on large scale through Newspaper Advertisements, Presentations, brochures and other marketing material.

However, while Dahej PCPIR, Gujarat and Paradip PCPIR, Odisha have organized various promotional activities and road – shows to market and promote PCPIRs, there seems to be no such specific promotional activities taken up by the Visakhapatnam – Kakinada PCPIR, Andhra Pradesh and Cuddalore – Nagapattinam PCPIR, Tamil Nadu.

The Committee, therefore, recommend that the Department and the state Governments should step up the promotional activities and also more innovative measures should be taken up to promote PCPIRs projects to attract more investors from international and local industrial firms. The Department should pay special attention to Andhra Pradesh and Tamil Nadu PCPIRs in this regard so that there is no laxity on their part to promote the PCPIRs.

The Committee would like to be informed about the steps taken in this regard.

### **REPLY OF THE GOVERNMENT**

The Department of Chemicals and Petrochemicals takes up various activities to promote and attract investments in the PCPIRs, as under:

- Updated status of implementation of PCPIRs is uploaded on the Departmental website.
- .
- Department organizes events like PolyIndia, India Chem wherein PCPIR Policy is publicized.
- PCPIR Policy is also promoted through bilateral forums, participation in International Conferences like K-Fair, Chinaplas and Plastivision Arabia.

Promotion of PCPIR Policy is also undertaken at the State level such as:

- Special Purpose Vehicle (SPV) of the Odisha PCPIR is conducting various activities like road shows, participation in industry fairs / seminars etc.
- Global Investors Meet was conducted by the Tamil Nadu Govt. in September, 2015 in which more than 3000 delegates participated seminars were conducted on key infrastructure projects in the state, including the TN PCPIR.
- Road shows were conducted by the Tamil Nadu Govt. in state capitals to promote major infrastructure projects of the state, including the TN PCPIR.
- 'Vision Tamil Nadu – 2023' document was released by Chief Minister, Tamil Nadu, in which PCPIR is identified as one of the key projects.
- Interactive workshops / seminars by the respective State Governments to promote investment by downstream industries in PCPIR zones.

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### **COMMENTS OF THE COMMITTEE**

(Please see Para No. 22 of Chapter-I of the Report)

**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 FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

#### **RECOMMENDATION NO. 1**

##### **BUDGETARY PROVISIONS**

During the course of the examination of the subject the Committee observed that there is lack of budgetary support for the PCPIRs by the Central Government and no provisions have been made in the Demands for grants specifically for the implementation of PCPIRs. The Department in this regard informed the Committee that State Government such as Odisha, Gujarat and Andhra Pradesh are seeking some kind of financial incentives and handholding in the form of budgetary support from the Central Government. When the Committee enquired about the Viability Gap Funding (VGF), the Secretary of the Department of Chemical and Petrochemical stated that the 20 percent contribution towards Viability Gap Funding could be diverted as budgetary contribution either towards State Public Sector undertakings (PSUs) or the State Government implementing the PCPIR project. Further, the Department has stated that a minimum amount of Rs. 1000 crore should be the amount for each PCPIR from the Government of India.

The Committee therefore, recommended that the required budgetary allocation preferably the demand of the minimum of Rs. 1000 crore to take care of infrastructure, etc. for each PCPIR should be explored. The Department must take up the matter earnestly with the Ministry of Finance for allocation. The Committee would like to be apprised of the action taken by the Government in this regard.

#### **REPLY OF THE GOVERNMENT**

The Department acknowledges the concern of the Committee to make the PCPIRs fully operational. The Department, based on the requests received from PCPIR States, has proposed the provision of Budgetary Allocation not exceeding Rs. 1000 Crore for each PCPIR to be made in the proposed amendment in PCPIR Policy 2007, to take care of the requirements of internal infrastructure, Common Utility Infrastructure, technical assistance etc in the PCPIRs. This budgetary allocation is in addition to the earlier approvals granted by the CCEA for VGF for external linkages, utilities etc. The above amendment in the PCPIR Policy has been included in the draft note proposed for consideration of Committee of Secretaries (COS).

MINISTRY OF CHEMICALS & FERTILIZERS  
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#### **COMMENTS OF THE COMMITTEE**

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

#### **RECOMMENDATION NO. 2**

##### **PUBLIC PRIVATE PARTNERSHIPS (PPP)**

The Committee observed that there is lack of response from investors to participate in the PCPIR projects under the Public Private Partnership (PPP) mode. In this regard, the Department has stated that the private firm who is a developer or co-developer

has to invest large amount of funds beforehand and there is long gestation period between the time money would be invested and repayment time for the investors. Also the slow creation of infrastructure acts as a disincentive. Therefore, not many private firms are interested in investing in projects and many are reluctant to come on board.

The Committee are deeply concerned about the lack of private funding under the PPP mode in the project. The Committee, therefore, recommended that the Government of India should mull over giving some kind of incentives or concessions may be in terms of easing the formalities for these projects and tax concessions, etc. to the private forms to invest in the PCPIR projects so that the PCPIRs are developed to its full capacity. The Committee hope that the Department will seriously consider these issues and come out with a comprehensive plan to address the problem at the earliest.

### **REPLY OF THE GOVERNMENT**

The Department agrees with the observations of the Committee regarding lackadaisical response by private investors in PCPIRs and to give some kind of incentives or concessions to the private forms to invest in the PCPIR projects so that the PCPIRs are developed to its full capacity. Taking into consideration of these facts/ scenario, some incentives to ease the formalities and a proposal for providing tax concessions have been included by the Department in the amendments proposed in the PCPIR Policy 2007. The proposed amendments for incentives by the Governments, Central & State, like on Excise duty, proposed GST, Tax holidays, according priority status etc. will go a long way in attracting investors. The amendments proposed in the PCPIR Policy 2007 are under consideration of CoS.

Government of Odisha has also come up with Industrial Policy Resolution – 2015 which identifies the Petroleum, Chemicals & Petrochemicals as the focus sector for the next 5 years and the sector has been categorized under the Priority sector for extending various incentives to the investors. The developers / investors would avail incentives for land rate concessions, stamp duty exemption, interest subsidy, VAT and entry tax reimbursement, green energy subsidy and environmental protection infrastructure subsidy, employment cost subsidy etc.

The PCPIRs will be able to attract investment from private parties once these incentives or concessions are announced for PCPIRs by the Government.

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### **COMMENTS OF THE COMMITTEE**

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

### **RECOMMENDATION NO. 4**

#### **MASTER PLAN, ENVIRONMENTAL CLEARANCE AND DISASTER MANAGEMENT**

(a) The Committee noted that the Development Plan/ Master Plan of Dahej PCPIR, Gujarat has been sanctioned in September, 2012 and town planning schemes are being implemented. The master Plans of Paradip PCPIR, Odisha and Visakhapatnam – Kakinada PCPIR, Andhra Pradesh are in process. Master Plan activity for the PCPIR in

Tamil Nadu would be initiated by the State government after notification of PCPIR and formation of the Management Board. The Committee in this regard recommend that the Master Plans for Paradip PCPIR, Visakhapatnam – Kakinada PCPIR and Cuddalore – Nagapattinam PCPIRs may be finalized expeditiously in a time bound manner.

### **REPLY OF THE GOVERNMENT**

As has been intimated by the concerned PCPIR implementing States, the Draft Master Plan for Andhra Pradesh PCPIR was published on 5.8.2013 and the Final Master Plan was prepared duly addressing the objections/suggestions received from the public and were submitted to the Municipal Administration & Urban Development Department of Government of Andhra Pradesh on 23.5.2014 for approval. The Municipal Administration & Urban Development Department has called for objections from the public and has advised the PCPIR Special Development Authority (SDA) to examine these objections and to resubmit the Master Plan duly incorporating the revisions. Final incorporation of suggestions and objections to the Draft Master Plan is in progress. Once the Anchor unit is finalized, based on its location, size and configuration, Master Plan would be finalized.

In case of Odisha PCPIR (Paradeep), draft Master Plan was prepared in 2010 indicating the tentative zoning plans and the associated expenses. Agencies for undertaking detailed Master Planning & Zoning Plans for the region; water assessment study for the region and development of road from Bhubaneswar to Paradeep PCPIR have also been engaged. DPR, comprehensive master plan and zonal plan are underway through these consultant / agencies and expected to be completed by October, 2017.

As regards Tamilnadu PCPIR, the Master Plan will be prepared by the Local Planning Authority that is to be constituted under the Tamil Nadu Town and Country Planning Act, 1971. Draft Master Plan is likely to complete by June 2017.

The Department has requested Governments of Andhra Pradesh, Odisha and Tamil Nadu to finalize the Master Plans of PCPIRs in a time bound manner.

(b) The Department has assured the Committee that safeguards relating to the Environment and Chemical hazards will not be compromised, but concrete action would be taken to ensure the same. The Committee noted that the environmental clearance with regard to the Dahej PCPIR is in its final stages but the Coastal Regulatory Zone recommendations are still awaited as the CRZ Committee have not yet been constituted by the State Government. The Committee were informed that concerns relating to air and water pollution are being taken care of by the companies concerned established in the region who have their own standards or by the Common Effluent treatment Plant (CETP). As regards Andhra Pradesh PCPIR, the Committee observed with concern that the public hearing regarding the Andhra Pradesh Pollution Control Board through the district authorities of two districts i.e. Visakhapatnam and East Godavari (Kakinada). The Committee were given to understand that once the anchor unit is finalized and accordingly the public hearing will be conducted. Regarding Odisha PCPIR, the Department has informed that the Industrial Development Corporation of Odisha, Government of Odisha has taken up with Environmental Protection Training and Research Institute to carry out detailed Environmental Impact Assessment and Environment Management Plan. Further, during the evidence it was also informed that environment clearance is in the final stages and is with the Ministry of Environment, Forests and Climate Change for clearance.



The Department has accepted that chemical industries are very polluting industries. The Committee, therefore, desire that there should not be any compromises or laxity on the safety safeguards as far as environmental clearances relating to the Dahej PCPIR. As regards the constitution of CRZ Committee, the Committee recommends the Department to take up the matter with the State Government of Gujarat vigorously to expedite its recommendations. The Committee further desire that the Department/State Government should not leave the question of enforcing strict environmental cleanliness standards on the investors at companies alone. There should be a strict oversight mechanism so that the environment and public health do not suffer because of the project. The Committee observe that Environment Impact Assessment studies of Paradip PCPIR and Visakhapatnam-Kakinada PCPIR are at different stages and in respect of Tamil Nadu PCPIR, EIA is yet to be undertaken. The Committee feel that Environmental Clearance is the main issue in the Master Plan and as such cannot be isolated from the Master Plan. The success of a PCPIR project depends upon the expeditious environmental clearance. The Committee, therefore, recommends that the Department should actively coordinate with the Ministry of Environment, Forest and Climate Change, Central Pollution Control Board and the concerned State Pollution Control Boards to ensure that environmental safeguards do not suffer due to inter- Ministry and inter-Agency wrangles or duplication of functions and that environmental safety is not comprised in anyway. While appreciating the efforts made in respect of Paradip PCPIR and Visakhapatnam-Kakinada PCPIR, the Committee recommend that synergic efforts should be made to settle the issue of environmental clearance in a time bound manner. The Committee also recommends that the Department must ensure that the Tamil Nadu PCPIR should not lag behind on this crucial issue.

### **REPLY OF THE GOVERNMENT**

The underlying concept of PCPIR is to promote petroleum, chemical and petrochemical industries in an integrated and environmental friendly manner, where in environmental safety & safe guards are not to be comprised. The Governments of Andhra Pradesh, Odisha, Tamil Nadu and Gujarat have been requested to ensure that environmental safety is not compromised while implementing PCPIRs. As regards, Environmental clearance, Governments of Andhra Pradesh has intimated that the draft EIA report was submitted to the Andhra Pradesh Pollution Control Broad (APPCB) on 03.11.2014. The public hearing is to be taken up by the APPCB through District Authorities of two Districts Visakhapatnam and East Godavari (Kakindada). Whereas Government of Odisha has engaged Environmental Protection Training and Research Institute (EPTRI) for undertaking the study for the project and the environmental clearance is expected to be obtained by October, 2017.

The State Governments have been requested to expedite the EIA study and get the clearance from the Ministry of Environment, Forest and Climate Change (MoEFCC). They have also been requested to follow the safety standards meticulously so that the environment and public health do not suffer because of the project. The Steering Committee on PCPIR monitors the progress of PCPIRs and a representative from the Ministry of Environment, Forest and Climate Change has been included in the Committee.

(c) For addressing any event of disaster or natural calamity occurring in any of the PCPIR zones, the Committee further recommend that the Department and the investing companies should prepare a Disaster management plan as part of the Master Plan. There should be a rigorous oversight mechanism in the Master Plan so that public health and marine life is not endangered at the time of disasters. The need

for a good disaster management plan is highlighted by the “Thane” cyclone that hit the Tamil Nadu PCPIR project by about five years now. Since the PCPIRs are situated in the coastal areas, they are susceptible to cyclones, floods, tsunami, etc. The Committee desire the Department to take expeditious necessary measures in this regard and establish the Disaster management Plan as part of the Master Plan. Further, the Committee desire that the detailed plan, including the composition and power, for the National Chemical Safety Board, which is an institution to be set up for the purpose as part of the proposed National Chemical Policy may be finalized at the earliest. The Committee would like to be apprised of the action taken in this regard.

### **REPLY OF THE GOVERNMENT**

The State Governments of the PCPIR States have confirmed inclusion of Disaster Management Plan in the Master Plan of respective PCPIR, keeping in view the vulnerable & environment sensitive location of PCPIRs in coastal areas. The Department is in the process of preparation of “National Chemical Policy”, which, inter-alia, include setting up of National Chemical Safety Council. The Draft Cabinet Note on ‘National Chemical Policy’ was circulated to D/o Expenditure (M/o Finance), NITI Aayog and PMO for their comments. The comments / views received under inter-departmental consultation are under examination in the Department.

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### **COMMENTS OF THE COMMITTEE**

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

### **RECOMMENDATION NO. 5**

#### **IMPLEMENTATION**

#### **Gujarat PCPIR:**

The Committee noted that regarding Dahej PCPIR in Gujarat, the Development Plan or Master Plan of Dahej PCPIR has been sanctioned in September, 2012 and town planning schemes are being implemented. Environmental clearances are at their final stages. Processes of rehabilitation and compensation of the affected people are going well. The Committee hope that all components of the project of Dahej PCPIR will be completed soon and recommend that the Department should coordinate with the State Government and the anchor tenant so that the PCPIR may be completed as per schedule.

### **REPLY OF THE GOVERNMENT**

The implementation on Dahej PCPIR is progressing well with sanctioning of Development Plan and progressive approval of Town Planning schemes. The final Environment Impact Assessment (EIA) report for Dahej PCPIR has been uploaded on MoEF website in September 2015. The comprehensive component-wise status report is awaited from the Government of Gujarat and the Dahej PCPIR Anchor Tenant, OPAL.

#### **Odisha PCPIR:**

As for the Paradip PCIPR in Odisha, the Committee observed that commissioning of the refinery at Paradip has started and Polypropylene plant will be commissioned in 2017. According to the Department, one problem encountered is that Naphtha is not available for cracking and no commitment to set up Naphtha cracker can be made at present. In future gas and other options may be explored. Currently there is no availability of Natural Gas in Paradip. The Indian Oil Corporation Ltd (IOCL) which is the Anchor Tenant in Paradip, is making modifications to make propylene from the Fluidized Catalytic Cracking (FCC) unit which will be converted into Polypropylene and can be utilized in the proposed Plastic Park In the same PCPIR location. The Department further stated that the Ministry of Petroleum and Natural Gas, had informed that currently IOCL is having difficulty in putting up of Naphtha cracker at Paradip.

In light of the above, the Committee recommend that the Department should sort out the problems relating to feedstock non-availability at Paradip PCPIR in coordination with the Anchor Tenant and the State Government at the earliest. The Committee are concerned that problems such as stated above were not recognized earlier by the Department. Given the huge importance of the project for the overall development of the Paradip region, it is essential that all problems are sorted out and the project commissioned as per schedule. The Committee desire to be apprised of the measures taken in this regard.

### **REPLY OF THE GOVERNMENT**

In order to facilitate availability of feed stock for petrochemical complex, LNG import by IOCL through Dhamra port is being planned. In addition, a bi-directional gas pipeline from Surat to Paradeep is being implemented by GAIL. The Anchor unit of IOCL is preparing downstream petrochemical units based on the products of the refinery in addition to polypropylene e.g. MEG, Paraxylene etc. Subject to Techno Commercial feasibility.

#### **Andhra Pradesh PCPIR:**

The Committee is distressed and displeased to note that the Andhra Pradesh PCPIR, which was approved in February 2009 is not progressing well. The Department has informed that the Anchor Tenant, Hindustan Petroleum Corporation Ltd (HPCL)'s greenfield project to establish a refinery could not materialize due to lack of feasibility and that they are in the process of taking up the feasibility study for establishing petrochemical complex without a refinery. The Department stated that feasibility study for anchor unit is expected to be completed by June 2016 and then it would be placed before the Board of HPCL and Gas Authority of India Ltd (GAIL) for approval. After approval, HPCL has informed that the construction of Anchor unit will take four years from commencement of the work.

The Committee are of the opinion that the Department had not put in concrete efforts to accelerate the process. Since the Anchor client is not finalized, the rest of the process, viz. master plan, environmental study, public hearing, etc. cannot be concluded.

The Committee therefore strongly recommend that the Central Government should take immediate steps to promote the project as it is meant to lead to the development of the region and give employment to lakhs of people. The Committee desire that the Department should monitor the progress of the project constantly and

ensure that the feasibility study of the anchor unit is completed by 2016 without any further time and cost overruns.

### **REPLY OF THE GOVERNMENT**

HPCL, GAIL and Government of Andhra Pradesh (GoAP) are in process of setting up of imported Ethane based Petrochemical complex without a refinery in Andhra Pradesh PCPIR. The likely location of the complex is Kakinada, however, formal decision of GoAP is awaited. GAIL and HPCL have started the process for feasibility study. The proposed complex would be either gas based or dual feed (Gas + Naphtha). In the past, project configuration for anchor units were finalized by the anchor tenants, without considering the requirements of downstream industries. In order to avoid the same situation in AP PCPIR, the promoters organized a workshop to collate the views / expectations of Industries before finalizing the configuration for the proposed petrochemical complex in AP PCPIR. The concurrent development of downstream industries would lead to substantial investment and employment generation in the region. The configuration of the proposed petrochemical complex and the feasibility study shall be completed expeditiously, after completion of this consultation process with prospective downstream partners / industries. The Department is actively involved in the process.

#### **Tamil Nadu PCPIR:**

The Committee are distressed to note that not much progress have been made with regard to Tamil Nadu PCPIR which was approved way back in July 2012. The Department has informed that the construction works of the project were disrupted by "Thane" cyclone in December 2011. Only preservation work is going on since then. Restart of the construction work of NOCL's refinery is expected only in early 2016. The Phase-1 of the project is to be commissioned in 2017-18 and Phase-2 which has the full capacity of 12 million tonnes per year is to be commissioned in 2019. As of now, the PCPIR area has not been notified and the PCPIR Management Board is yet to be constituted. Further, the Master Plan is yet to be prepared and the Environmental Impact Assessment is yet to be undertaken.

The Committee therefore desire that the Department should actively coordinate with the State Government of Tamil Nadu and the anchor tenant, viz. Nagarjuna Oil Corporation Ltd (NOCL) so that the project is commissioned as scheduled by 2017-18. Further, given that the onus of notifying the PCPIR area, constitution of the PCPIR Management Board, etc. lies with the State Government, the Department should proactively pursue the matter with the State Government so that no further delay occurs.

### **REPLY OF THE GOVERNMENT**

The Tamil Nadu PCPIR has been notified in January, 2016 vide Tamil Nadu Govt. Gazette Notifications dated 13.01.2016. As informed by the State Government, the Management Board will be constituted for the TNPCPIR shortly, after constitution of the Local Planning Authority by the State Govt.

#### **Concluding remarks:**

The Committee observe from the status of implementation of the four PCPIRs mentioned in the preceding paragraphs that the level of progress for the four PCPIRs is quite uneven. There are problems and challenges specific to the location, etc. However, a proper coordination by the Department through a strong oversight

mechanism at the Centre and State level will accelerate the progress of the PCPIRs. The Committee desire that the Department may take necessary measures toward this end.

### **REPLY OF THE GOVERNMENT**

The Steering Committee at the Centre and the Management Boards at the State level are monitoring and coordinating the progress and implementation of the PCPIR projects. The latest meeting of the Steering Committee to review implementation of PCPIR Policy in the present form and interventions required to make the PCPIRs successful was held on 17.06.2016. In the meeting, all these relevant issues were discussed and detailed review of the progress of the implementation of PCPIRs was undertaken. The states have been advised to take proactive & collated action, in concert with Anchor Tenants, to accelerate the progress of the PCPIRs.

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### **COMMENTS OF THE COMMITTEE**

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

### **RECOMMENDATION NO. 9**

#### **REVIEW OF POLICY ON PCPIRs**

The Committee noted that the Government is proposing a review of the PCPIR policy. One idea is to reduce the size of PCPIRs from the existing 250 sq. Kms to 50 square kilometers depending upon the utility area. Second, there should be a single window clearance where all the statutory authorities should have participation both from the Government of India, State Governments and the local Governments. That will allow industrialists to take clearance only from one body. The Department has informed that on both these issues, the Committee of Secretaries has already agreed to the proposal.

In this regard, the Committee is of the opinion that the prescribed size of the PCPIR area need to be made flexible. If the prescribed size of the PCPIRs is reduced to 50 sq. kms, the size of investments required and infrastructural needs will also accordingly come down and that will allow smaller companies also to take part. More States may also be able to join the concept. The Committee desire that the Department may take proactive action to finalize and implement these measures.

Regarding the proposal for Single Window Clearance, the Committee are skeptical about the feasibility of the idea as PCPIRs encompass such a huge variety of issues ranging from environmental clearances, feedstock issues, infrastructure, marketing, etc. However, the Committee desire that the Department may explore various options toward this end on priority. Decisions taken in this regard may be communicated to the Committee at the earliest.

### **REPLY OF THE GOVERNMENT**

The proposal to reduce the prescribed size of PCPIR area in special cases from 250 sq. km to 50 sq. km has been incorporated in the amendments proposed in the PCPIR Policy. The Central Government may relax the condition of land requirement in

special cases based on the factors of population density, environmental constraints, fertile agricultural land and contiguity of area. In no case the minimum land shall be less than 50 sq. km. with 40 % (i.e. 20 sq.km.) of processing area.

Single Window Clearance Mechanism at State level would help and facilitate the industries in investment and management of PCPIRs. Government of Odisha has also intimated that Single Window Clearance mechanism is followed in Odisha PCPIR. The other State Governments have been requested to implement the Single Window Clearance Mechanism at the earliest.

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### **COMMENTS OF THE COMMITTEE**

(Please see Para No. 19 of Chapter-I of the Report)

New Delhi;  
09 August 2016  
18 Ashadha, 1938 (Saka)

Anandrao Adsul  
Chairperson  
Standing Committee on  
Chemicals and Fertilizers

**MINUTES OF THE EIGHTEENTH SITTING OF THE  
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2015-16)**

The Committee sat on Tuesday, the 09 August, 2016 from 1500 hrs. to 1545 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

**Present**

**Shri Anandrao Adsul - Chairperson**

**Members**

**Lok Sabha**

2. Smt. Anju Bala
3. Shri Sankar Prasad Datta
4. Shri R. Dhruvanarayana
5. Shri K. Ashok Kumar
6. Smt. Kamla Devi Patle
7. Shri S. Rajendran
8. Shri Chandu Lal Sahu
9. Dr. Kulamani Samal
10. Smt. Rekha Arun Verma
11. Shri Kotha Prabhakar Reddy
12. Shri George Baker

**Rajya Sabha**

13. Shri Narayan Lal Panchariya
14. Shri K. Parasaran
15. Shri Palvai Govardhan Reddy
16. Shri Ram Vichar Netam
17. Shri Abdul Wahab

**SECRETARIAT**

- |    |                       |   |                 |
|----|-----------------------|---|-----------------|
| 1. | Smt. Rashmi Jain      | - | Joint Secretary |
| 2. | Shri A. K. Srivastava | - | Director        |

2. At the outset, the Hon'ble Chairperson welcomed the members of the Committee.
3. The Committee thereafter took up for consideration the following draft Reports:
  - a) Draft Action Taken Report on the subject "Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs)" of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals); and
  - b) XXXX                      XXXX                      XXXX                      XXXX
4. The draft Reports were adopted by the Committee without any amendment.
5. The Committee authorised the Chairperson to make consequential changes, if any, arising out of the factual verification of the Reports by the Department of Chemicals and Petrochemicals and Department of Fertilizers of the Ministry of Chemicals and Fertilizers and present the same to both the Houses of Parliament on 11.08.2016.

The Committee then adjourned.

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XXXX Matters not related to this Report.

(Vide Para 3 of the Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SEVENTEENTH REPORT (16<sup>TH</sup> LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2015-16) ON 'PETROLEUM, CHEMICALS AND PETROCHEMICALS INVESTMENT REGIONS (PCPIRs)' OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS AND PETROCHEMICALS).

I	Total No. of Recommendations	10
II	Observations / Recommendations which have been accepted by the Government:-  (Vide Recommendation Nos. 3, 6, 7, 8 and 10)	5
Percentage of Total		50%
III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply:-  (Vide Recommendation 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 No. Nil)	0
Percentage of Total		0%
V	Observations / Recommendations in respect of which replies of the Government are still awaited:-  (Vide Recommendation Nos. 1, 2, 4, 5 and 9)	5
Percentage of Total		50%