42	STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2017-18) 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 Thirty fifth Report of the Standing Committee on Chemicals and Fertilizers (Sixteenth Lok Sabha) on the subject 'Revival of Sick PSUs in Chemicals and Petrochemicals Sector' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)

सत्यमेव जयते

FORTY SECOND REPORT

LOK SABHA SECRETARIAT
NEW DELHI

DECEMBER, 2017 /AGRAHAYANA, 1939 (SAKA)

CC&F.No.42

FORTY SECOND REPORT

STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS
(2017-18)

(SIXTEENTH LOK SABHA)

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(DEPARTMENT CHEMICALS AND PETROCHEMICALS)

[Action Taken by the Government on the Observations / Recommendations contained in the Thirty fifth Report of the Standing Committee on Chemicals and Fertilizers (Sixteenth Lok Sabha) on the subject 'Revival of Sick PSUs in Chemicals and Petrochemicals Sector' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)

Presented to Lok Sabha on 21 December 2017

Laid in Rajya Sabha on 21 December 2017

LOK SABHA SECRETARIAT
NEW DELHI
DECEMBER, 2017 /AGRAHAYANA, 1939 (SAKA)

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Shri Anandrao Adsul - Chairpersonn

MEMBERS

LOK SABHA

2. Shri George Baker
3. Smt. Anju Bala
4. Shri B.N. Chandrappa
5. Shri Pankaj Chaudhary
6. Shri Sankar Prasad Datta
7. Dr. Ratna De Nag
8. Smt. Veena Devi
9. Shri R.Dhruvanarayana
10. Shri Innocent
11. Prof. A Seetaram Naik #
12. Shri K. Ashok Kumar
13. Shri Chhedi Paswan
14. Smt. Kamla Devi Patle
15. Shri Rajendran S.
16. Dr. Kulamani Samal
17. Dr. Uma Saren
18. Dr. Krishna Pratap Singh
19. Shri Kirti Vardhan Singh
20. Smt. Rekha Arun Verma
21. Vacant

RAJYA SABHA

22. Shri Biswajit Daimary
23. Shri Prem Chand Gupta
24. Shri B.K. Hariprasad
25. Dr. Bhushan Lal Jangde
26. Shri Ranvijay Singh Judev
27. Shri Sanjay Dattatraya Kakade
28. Shri K. Parasaran
29. Dr. Sanjay Sinh
30. Shri Abdul Wahab
31. Vacant

SECRETARIAT

1.	Shri Vinod Kumar Tripathi	Joint Secretary
2.	Shri A. K. Srivastava	Director
3.	Shri U. C. Bharadwaj	Deputy Secretary
4.	Shri N. Amarathiagan	Committee Officer

 # Prof. A. Seetaram Naik MP, (LS) has been nominated as a Member of the Committee on Chemicals and Fertilizers w.e.f. 3.11.2017 vice Shri Kotha Prabhakar Reddy MP, (LS) who ceased to be a Member of the Committee on Chemicals and Fertilizers w.e.f. 3.11.2017

(v)

INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2017-2018) having been authorised by the Committee to present the Report on their behalf, present this Forty Second Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/ recommendations contained in the Thirty fifth Report (Sixteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2017-18) on the subject 'Revival of Sick PSUs in Chemicals and Petrochemicals Sector' of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

2. The Thirty fifth Report (Sixteenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Hon'ble Speaker, Lok Sabha on **19.05.2017**. The Report was presented to Lok Sabha on 19.07.2017. The Action Taken replies of Government to all observations / recommendations contained in the Report were received on 25.10.2017. The Standing Committee on Chemicals and Fertilizers (2017-2018) considered and adopted this Report at their sitting held on 19.12.2017.

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

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

New Delhi;
19 December, 2017
28 Agrahayana 1939 (Saka)

ANANDRAO ADSUL
Chairperson
Standing Committee on
Chemicals and Fertilizers

REPORT

CHAPTER I

This Report of the Standing Committee on Chemicals and Fertilizers deals with the action taken by the Government on the Observations/Recommendations contained in the **Thirty-Fifth Report** (16th Lok Sabha) of the Committee on the subject 'Revival of Sick PSUs in Chemicals and Petrochemicals Sector. The Thirty Fifth Report of the Committee was presented to Hon'ble Speaker on 19 May, 2017 and subsequently presented to Lok Sabha and Rajya Sabha on 19 July, 2017. In all, the Committee made 6 (six) Observations / Recommendations in the Report.

2 Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) were requested to furnish replies to the Observations / Recommendations contained in the Thirty-Fifth Report within three months from the date of presentation of the Report. The Action Taken Replies of the Government in respect of all the six (06) Observations / Recommendations contained in the Report have been received from the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) vide their O16017/06/2016-Ch.III dated 24 October, 2017. These Replies have been categorized as follows:-

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

Sl.Nos. 1, 3, 4 and 6 (Total =4)

These may be included in Chapter II of the Draft Report.

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

Sl.No. Nil (Total = Nil)

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

Sl.No. 2 (Total = 1)

This may be included in Chapter IV of the Draft Report.

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

Sl.No. 5 (Total=1) This may be included in Chapter V of the Draft Report.

3. The Committee desire that the Action Taken Notes on the Observations / Recommendations contained in Chapter-I and V of this Report should be furnished expeditiously.

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

A. Revival Plan Efforts

Recommendation Sl. No.1

5. The Committee in their 35th Report (16th Lok Sabha) had expressed their deep concern over dire financial straits and poor functional status of Hindustan Organic Chemicals Limited (HOCL) and recommended as under:-

> **" The Committee while examining HOCL note with a deep concern that this company which was once declared a mini ratna company and which made regular profits for 31 years up to 1996-97 has tragically come at a crossroads where the Government is actually considering its restructuring by closing down its nine out of twelve plants at Rasayani.**
>
> **The Committee also note that earlier efforts to revive HOCL by the Government have failed miserably. The Committee are of strong view that these efforts failed due to the fact that revival plan lacked focus and expertise. Even the current Draft Cabinet Note (DCN) of April 2016 is not supported by the Department of Expenditure and Department of Public Enterprise, as the proposal for revival of HOCL in its current form does not appear to have adequate focus on long term commercial viability/sustainability and lacks actual business plan to increase revenue, control cost or overcome the reasons of failure of revival of earlier package. Further, the current revival plan does not include business restructuring proposals so as to make the company profitable on a sustainable basis. The Committee regret to note that the Department has not been able to learn from its past mistakes and has failed to come out with a comprehensive proposal for revival of HOCL which could convince the Government. As a reason of which, the Government has decided to restructure HOCL by closing down the operation of nine plants and operating only 3 plants (including the strategically important N2O4 plant) at**

Rasayani and 2 plants at Kochi. The Committee, therefore recommend that the Department to devise a revival package with greater diligence which pay adequate focus on long term commercial viability and sustainability of HOCL. The Committee would like to be apprised of the action taken in this regard."

REPLY OF THE GOVERNMENT

6. In its action taken reply to the aforesaid recommendation, the Department of Chemicals and Petrochemicals vide O.M. No.16017/06/2016-Ch.III dated 24.10.2017 has stated as under:-

" After HOCL started making losses from 1997-98, several efforts have been made by the Government over the years to support and revive the operations of the company, as given below:

(i) HOCL was provided Government of India guarantee for Rs.100 crore in 2001 for raising resources from the capital market by way of term loans / bonds.

(ii) A rehabilitation package for HOCL was approved by the Government on 09.03.2006 consisting of (a) Fund infusion of Rs.250 crore in the form of 8% redeemable non-cumulative preference shares to be redeemed @ 20% each year from the 4th year onwards) to be utilized for repayment of high cost overdue Bonds, repayment of VRS loan, introduction of fresh VRS etc., and (b) Non-cash transaction involving continuation of the Government of India guarantee of Rs. 100 crore for a full term of ten years (issue date 19.12.2001) and waiver of penal interest and interest up to 31.03.2005.

(iii) The Government on 08.02.2007 also approved an investment of Rs. 20 crore in HOCL in the form of redeemable, non-cumulative preference shares for restarting the caustic soda / chlorine plant at Rasayani.

(iv) As the financial position of HOCL again became precarious in 2012-13, the Government on 01.08.2013 approved the revision of the terms and conditions of the rehabilitation package of 2006 comprising of (a) Postponement of the redemption of Rs.270 crore preference shares issued to the Government of India (date of allotment 24.01.2008) from the originally approved FY 2011-12 onwards to FY 2015-16 onwards, and (b) Extension of the Government guarantee of Rs.100 crore for a further period of 5 years i.e. up to 28.08.2017, to enable the company to tide over its liquidity problems and for smooth running of the company.

(v) Another Government guarantee of Rs.150 crore was provided to HOCL in July, 2014 for issue of bonds by the company for meeting its working capital requirement and repayment of liabilities towards raw material suppliers, bank loan, employee dues etc.

(vi) Because of the deteriorating financial condition, HOCL was not in a position to pay the annual interest of Rs.24.61 crore on the Rs.100 crore and Rs.150 crore Govt. guaranteed bonds during 2015-16 and 2016-17. Financial assistance in the form of Non-Plan loan was provided to the company by the Government for meeting the above interest liability.

Despite the above efforts of the Government, HOCL has been making continuous cash losses since 2011-12. As on 31.3.2017, it had accumulated losses of Rs.1357.22 crore and negative net worth of (-) Rs.970.12 crore. The erstwhile Board for Industrial and Financial Construction (BIFR) had registered HOCL as a sick company under the provisions of the Sick Industrial Companies Act (SICA), 1985. Due to stoppage of continuous operation caused by non-availability of working capital, the company was not in a position to pay the interest on Government guaranteed bonds, dues to the raw material suppliers, the statutory dues of the employees to the various authorities, etc. Except for some ad hoc advances paid from time to time, the company has not paid salary regularly to its employees since February, 2015 and does not have working capital to run the plants. Because of working capital shortage, most of the plants are shut down and the workers / employees sitting idle while the unpaid salary bill continues to mount. The N2O4 plant, which is the only plant presently operational and supplies N2O4 for ISRO's space programme, has to be retained to continue its operation because of its strategic importance for ISRO. Hence, it is necessary to insulate its operations from HOCL so as not to allow the precarious financial position of HOCL to affect future operations of the N2O4 plant. In view of the above, in addition to others, it is important to restructure the operations of the company at the earliest so that the production of N2O4 for ISRO continues and at least part of the fund requirements towards meeting various liabilities can be generated by the company. Further, there is severe competition forthcoming in the sector with a private sector company setting up a 2 lakh MT per annum capacity Phenol plant which will meet majority of the 2.75 lakh MT domestic demand in the country. HOCL was unable to compete with imports in the absence of anti-dumping duties and struggles to compete even with the levying of anti-dumping duties. Hence, the issue of restructuring of the company needed to be considered urgently.

In the above background, the Government/Cabinet Committee on Economic Affairs (CCEA) on 17.05.2017 has approved a restructuring plan for HOCL. The restructuring plan involves closing down the operations of all the non-viable plants at Rasayani unit of HOCL except N2O4 plant which is to be transferred to ISRO on 'as is where is' basis, with about 20 acres of land and employees associated with the plant. While Kochi unit will continue its operations, 'in principle' approval has also been accorded for HOCL to be put up for strategic disinvestment through DIPAM after the process of disposing land and other unencumbered assets at Rasayani is completed.

Financial implication of the restructuring plan is Rs.1008.67 crore (cash) which is to be met partly from sale of 442 acres HOCL land at Rasayani to Bharat Petroleum Corporation Ltd. (Rs.618.80 crore) and the balance (Rs.365.26 crore) through bridge loan from the Govt. The funds will be used to liquidate the various liabilities of the company, including payment of outstanding salary and statutory dues of employees and repayment of Govt. guaranteed bonds of Rs.250 crore. The bridge loan amount, along with other Govt. liabilities of the company, is proposed to be repaid to the Govt. from the disposal of remaining unencumbered land and other assets of Rasayani unit.

Necessary action has been initiated by the Department and HOCL to implement the above restructuring plan for HOCL".

Comments of the Committee

7. **The Committee had taken note that HOCL was a profit making till 1996-97 and the company began to incur losses from 1997-98 onwards and both HOCL and Department of Chemicals and Petrochemicals miserably failed to devise and execute any long-term revival plan for it despite many rehabilitation packages from the Government from time to time. The Committee also observed that the Department was not able to learn from its past mistakes and failed to come out with a comprehensive and convincing proposal for the revival of HOCL and as a result, the Government decided to restructure HOCL by closing down the operation of nine plants and operating only 3 plants (including the strategically important N2O4 plant) at Rasayani and 2 plants at Kochi. Nevertheless, the**

Committee in their 35th Report (16th Lok Sabha) had recommended to the Department of Chemicals and Petrochemicals that they should devise a revival package with greater diligence which paid adequate focus on long term commercial viability and sustainability of HOCL. However, in the action taken reply, the Committee have been informed *inter-alia* that despite many rehabilitation measures and revival efforts, HOCL has been making continuous cash losses since 2011-12. Further, there is severe competition forthcoming in the sector with a private sector company setting up a 2 lakh MT per annum capacity Phenol plant which will meet majority of the 2.75 lakh MT domestic demand in the country. HOCL was unable to compete with imports in the absence of anti-dumping duties and struggles to compete even with the levying of anti-dumping duties. In the above background, the Government/Cabinet Committee on Economic Affairs (CCEA) on 17.05.2017 has approved a restructuring plan for HOCL which involves closing down the operations of all the non-viable plants at Rasayani unit of HOCL except N2O4 plant which is to be transferred to ISRO on 'as is where is' basis, with about 20 acres of land and employees associated with the plant. While Kochi unit will continue its operations, 'in principle' approval has also been accorded for HOCL to be put up for strategic disinvestment through DIPAM after the process of disposing land and other unencumbered assets at Rasayani is completed. The Committee are dismayed to note that HOCL incurred losses for the first time in the year 1997-98 and it could not come out from the financial problems faced by the company since then. Also, the company was not successful in devising and executing any long term revival plan in the past despite many rehabilitation packages provided

by the Union Government from time to time. Under these circumstances, while appreciating the initiatives of the Government for the restructuring of HOCL by closing down the operation of nine plants and operating only 3 plants (including the strategically important N2O4 plant at Rasayani and 2 plants at Kochi), the Committee also recommend that the restructuring exercise be carried out in a time bound manner and all out efforts be made to run other plants of HOCL profitably, which do not face closure under restructuring exercise.

B. Execution and Monitoring of Revival Plan

<u>Recommendation Sl. No.2</u>

8. While expressing concern at the inability of HOCL to adapt to the changing business environment and emphasizing on effective implementation of revival / restructuring plan of HOCL, the Committee had recommended as under:-

> **" The Committee note that the present situation of the company is largely claimed to be due to post 1990's liberalized and globalised economic scenario. However, the Committee after examining HOCL comes to the conclusion that it is the inability of the management of the company to adapt to the changing scenario which is responsible for the current situation. The factors like cumulative adverse impact of the uneconomic capacity of its plants, high manpower cost, high finance cost, severe international competition, low technology, etc., are only partly responsible for the poor financial conditions of HOCL, a very strong reason for the losses incurred by the company is poor management on the part of HOCL. The Committee therefore, recommend the Department to form a expert management team for the effective implementation of the current revival/restructuring plan of HOCL. The Committee, however at the same time emphasize that constant monitoring must be maintained to ensure long term revival of the company. The Committee would like to be apprised of the action taken in this regard. "**

REPLY OF THE GOVERNMENT

9. In its action taken reply with reference to the above recommendation of the Committee, the Department of Chemicals and Petrochemicals has submitted as under:-

"As mentioned in the reply to Recommendation No.1, the Government/Cabinet Committee on Economic Affairs (CCEA) on 17.05.2017 has approved a restructuring plan for HOCL. To ensure proper, expeditious implementation of the restructuring plan, the same is being monitored and regularly reviewed by the Department at the level of Secretary (C&PC)."

Comments of the Committee

10. **The Department in their Action Taken Reply has intimated that the implementation of restructuring plan for HOCL which was approved by the Cabinet Committee on Economic Affairs (CCEA) on 17.05.2017, is being monitored and regularly reviewed by the Department of at the level of Secretary (C&PC) to ensure proper and expeditious implementation. The Committee, after taking into account all the factors relating to HOCL, express their unanimity over the restructuring of HOCL and the monitoring mechanism at the level of Secretary (C&PC) to ensure expeditious implementation of restructuring of HOCL. The Committee, however, would also like to express their concerns about the closure of nine plants of HOCL at Rasayni and its effects on employees of the plants. The Committee, therefore, reiterate that all possible avenues be explored for redeployment and resettlement of eligible employees of these plants in other PSUs under nodal Ministry of Chemicals and Fertilizers including HIL, RCF, NFL etc. and payment of due pay-arrears be paid to them without further delay. The Committee would like to be apprised of the action taken in the matter.**

RECOMMENDATION NO.5

11. In regard to the issue of proposed disinvestment of the shares of HFL held by HOCL, the Committee in their 35^{th} Report (16^{th} Lok Sabha) had recommended as under:-

"The Committee note that the Government on 27.10.2016 has given 'in principle' approval for the parent company of HFL to exit the firm completely. The Committee also note that the Board of Directors of HOCL has conveyed its agreement with the government's proposal for strategic disinvestment of HFL Final decision on the actual mode of strategic disinvestment viz. outright sale or block sale of shares is yet to be taken by the HOCL Board. The Committee observe that for processing the strategic disinvestment of HFL, Inter-Ministerial Group (IMG) and Evaluation Committee (EC) are to be constituted as per the guidelines issued by the Department of Investment & Public Asset Management (DIPAM) in this regard. IMG under chairmanship of Secretary (C&PC) has been constituted on 27.01.2017. First meeting of the IMG was held on 31.01.2017 and 01.02.2017 following which RFP for appointment of Transaction Adviser (TA) and Legal Adviser (LA) for the strategic disinvestment of HFL have been published in 3 national newspapers and also uploaded on the website of the Department, HOCL and HFL. Since appointment of Asset Valuer is to be done by the parent company, HOCL has been instructed to take necessary action for the same. Constitution of EC would be done shortly. The Committee, therefore recommend the strategic disinvestment of HFL should be gainfully done and the sale should not cause loss to State exchequer. Besides this the Government should have stand by plan or alternative plan in case the strategic sale could not be arrived to its logical conclusion. The Committee would like to be informed of the action taken by the Government in this regard. "

REPLY OF THE GOVERNMENT

12. In its action taken reply, the Department of Chemicals and Petrochemicals, has stated as under:-

" The strategic disinvestment of HFL is being processed by the Department in accordance with the guidelines / instructions issued by the Department of Investment and Public Asset Management (DIPAM) on disinvestment of CPSEs and their subsidiaries / units from time to time. To ensure that the strategic disinvestment of HFL is gainfully done, an Inter-Ministerial Group (IMG) under the chairmanship of Secretary (C&PC) has been constituted for the selection of Transaction Adviser (TA) and Legal Adviser (LA), deciding qualification criteria, preparing PIM and EoI, etc. An Evaluation Committee under the chairpersonship of AS &FA, M/o Chemicals & Fertilizers, has also been constituted for fixing reserve price and making recommendations for approval of strategic partner and the bid amounts. Based on the recommendations of the IMG and after approval of the competent authority, TA and LA has been appointed for providing advisory services and managing the strategic disinvestment process of HFL.

Preliminary Information Memorandum (PIM) and Expression of Interest (EoI) for disinvestment of HFL are being finalized by the TA in accordance with the recently issued guidelines of DIPAM. It may be noted that presently 'in principle' approval of CCEA has been accorded for disinvestment of HFL. Once the procedures underway relating to issue of PIM & EoI, shortlisting of bidders, submission of bids, etc. are completed, requisite proposal for HFL's disinvestment will be resubmitted for final decision of the CCEA. Necessary action will be taken by the Government / Department in case the strategic sale cannot be taken to its logical conclusion.

Comments of the Committee

13. In regard to the recommendation of the Committee that the strategic disinvestment of HFL should be gainfully done and the sale should not cause loss to State exchequer and the Government should have stand by plan or alternative plan in case the strategic sale could not be arrived to its logical conclusion, it has been informed *inter-alia* that Preliminary Information Memorandum (PIM) and Expression of Interest (EoI) for disinvestment of HFL are being finalized by the TA (Transaction Adviser) in accordance with the recently issued guidelines of DIPAM. Once the procedures underway relating to issue of PIM & EoI, shortlisting of bidders, submission of bids, etc. are completed, requisite proposal for HFL's disinvestment will be resubmitted for final decision of the CCEA. Necessary action will be taken by the Government / Department in case the strategic sale cannot be taken to its logical conclusion. As final outcome is yet to come, the Committee would like to emphasize that expeditious action be taken in this regard and they be apprised accordingly. Here the Committee are apprehensive that the disinvestment of HFL shares held by HOCL at this juncture may not fetch viable price for these shares and hence, the Government may also consider to purchase the shares as is

where is basis in case the strategic sale is not feasible and the disinvestment process may be pursued by the Government after the restructure of HOCL. The Committee may be apprised of outcomes of action taken in the matter.

RECOMMENDATION NO. 6

14. On the issue of proposed disinvestment / strategic sale of HFL, the Committee had recommended as under:-

> **" The Committee observe that as a result of final infusion to the tune of Rs.270 crore and continuation of Government of India guarantee of Rs. 100 crore for a full term of ten years during the years 2006-2007, HOCL made a profit of Rs. 17.09 crore during the year 2006-07 and Rs. 13.01 crore in 2007-08 and came out of the purview of BIFR in 2008. Similarly in the case of HFL, the Committee note that they have envisaged some diversification plan to make the company financially viable and profitable especially by developing Modified Poly Tetra Fluoro Ethylene(MPTFE) and the company expects income of Rs. 3 crore per year from MPTTEF. HFL has also developed TFE-Ether and Telomeres and started commercial facility of partial conversion of Telomeres. It has also developed Benzotrifluoride (BTF) on lab scale and sample has been accepted by the customer. The Committee also note that during 2016-17 (Prov), the company achieved a turnover of Rs. 33.78 crore. The Committee are pained to note that inspite of the efforts made by the company by diversifying its various activities and also achieving a turnover of Rs.33.78 crore (Prov) in 2016-17, the Government has decided for strategic disinvestment of HFL. In view of the foregoing the Committee feel that the strength of both the companies viz., HOCL and HFL should be reviewed and that restructuring may be planned and executed in view of the objectives the companies. The Committee therefore recommend that Government should revisit their decision for disinvestment/strategic sale. The Committee would like to be apprised of the action taken in this regard.**

REPLY OF THE GOVERNMENT

15. The action taken reply of the Department of Chemicals and Petrochemicals in the matter is as under:-

" The detailed background in which restructuring plan for HOCL has been approved by the Government/CCEA on 17.05.2017 has been explained in the reply to Recommendation No.1.

As regards HFL, despite the efforts made by the company to come out of losses by diversifying its activities, the company has been making continuous losses since 2013-14. For 2016-17, the company suffered net loss of Rs.4.89 crore on a turnover of Rs.33.83 crore. As on 31.03.2017, the company has accumulated losses of Rs.88.17 crore and negative net worth of Rs.68.55 crore. Due to inadequate working capital, HFL is not paying 20% salary to its officers/ employees since January, 2015. Statutory dues of around Rs.15.92 crore remain outstanding as the company does not have sufficient funds to clear these dues. Wage revision arrears of approx. Rs.15.05 crore pertaining to 1997 and 2007 wage revisions have also not been paid due to shortage of funds. It is pertinent to mention here that the company is not in a position to generate the financial resources required to clear the above liabilities and to address the various factors like uneconomical plant capacity, old technology, high manpower cost, high interest cost due to outstanding loans, etc. that have been adversely affecting the company's performance over the years. Also, HFL does not manufacture any product of strategic interest for the country and can be categorised as a 'non priority' CPSE as per DPE guidelines dated 29.10.2015.

The *'in principle'* approval for strategic disinvestment of HFL has been accorded by the Government/Cabinet Committee on Economic Affairs (CCEA) based on due examination of the matter by and on the recommendations of the NITI Aayog and the Core Group of Secretaries on Disinvestment (CGD). As the decision for strategic disinvestment of HFL has been taken by the competent authority in the Government of India, further necessary action is being taken by the Department for implementing the said decision, in accordance with the guidelines / instructions issued by the Department of Investment and Public Asset Management (DIPAM) on disinvestment of CPSEs and their subsidiaries / units. "

Comments of the Committee

16. The Committee had recommended for the review of the financial strength of both HOCL and HFL, their restructuring and revisit the decision for disinvestment / strategic sale. In this regard, the Committee have been informed that restructuring plan for HOCL has been already approved by the Government /

CCEA on 17.05.2017. As regards HFL, it has been intimated *inter-alia* that the company is not in a position to generate the financial resources required to clear its liabilities and to address the various factors like uneconomical plant capacity, old technology, high manpower cost, high interest cost due to outstanding loans, etc. Also, HFL does not manufacture any product of strategic interest for the country and can be categorised as a 'non priority' CPSE as per DPE guidelines dated 29.10.2015. The *'in principle'* approval for strategic disinvestment of HFL has been accorded by the Government/Cabinet Committee on Economic Affairs (CCEA) based on due examination of the matter by and on the recommendations of the NITI Aayog and the Core Group of Secretaries on Disinvestment (CGD). As the decision for strategic disinvestment of HFL has been taken by the competent authority in the Government of India, further necessary action is being taken by the Department for implementing the said decision, in accordance with the guidelines / instructions issued by the Department of Investment and Public Asset Manageent (DIPAM) on disinvestment of CPSEs and their subsidiaries / units. In this regard, the Committee, while expressing their agreement with restructuring of HOCL, would like to record their unhappiness over the disinvestment / strategic sale of HFL. The Committee are apprehensive that the present time is not favorable for for disinvestment / strategic sale of HFL hence, the Government should defer the same till completion the exercise of restructuring of HOCL which is already in the pipeline. The Committee are of the opinion that strategic disinvestment of HIL should be relooked in view of its diversification plan to make the company financially viable and profitable especially by developing MPTFE, BTF, TFE either and Telomeres.

CHAPTER – II

OBSERVATIONS / RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation Sl. No.1

" The Committee while examining HOCL note with a deep concern that this company which was once declared a mini ratna company and which made regular profits for 31 years up to 1996-97 has tragically come at a crossroads where the Government is actually considering its restructuring by closing down its nine out of twelve plants at Rasayani.

The Committee also note that earlier efforts to revive HOCL by the Government have failed miserably. The Committee are of strong view that these efforts failed due to the fact that revival plan lacked focus and expertise. Even the current Draft Cabinet Note (DCN) of April 2016 is not supported by the Department of Expenditure and Department of Public Enterprise, as the proposal for revival of HOCL in its current form does not appear to have adequate focus on long term commercial viability/sustainability and lacks actual business plan to increase revenue, control cost or overcome the reasons of failure of revival of earlier package. Further, the current revival plan does not include business restructuring proposals so as to make the company profitable on a sustainable basis. The Committee regret to note that the Department has not been able to learn from its past mistakes and has failed to come out with a comprehensive proposal for revival of HOCL which could convince the Government. As a reason of which, the Government has decided to restructure HOCL by closing down the operation of nine plants and operating only 3 plants (including the strategically important N2O4 plant) at Rasayani and 2 plants at Kochi. The Committee, therefore recommend that the Department to devise a revival package with greater diligence which pay adequate focus on long term commercial viability and sustainability of HOCL. The Committee would like to be apprised of the action taken in this regard. "

REPLY OF THE GOVERNMENT

After HOCL started making losses from 1997-98, several efforts have been made by the Government over the years to support and revive the operations of the company, as given below:

(i) HOCL was provided Government of India guarantee for Rs.100 crore in 2001 for raising resources from the capital market by way of term loans / bonds.

(ii) A rehabilitation package for HOCL was approved by the Government on 09.03.2006 consisting of (a) Fund infusion of Rs.250 crore in the form of 8% redeemable non-cumulative preference shares to be redeemed @ 20% each year from the 4th year onwards) to be utilized for repayment of high cost overdue Bonds, repayment of VRS loan, introduction of fresh VRS etc., and (b) Non-cash transaction involving continuation of the Government of India guarantee of Rs. 100 crore for a full term of ten years (issue date 19.12.2001) and waiver of penal interest and interest up to 31.03.2005.

(iii) The Government on 08.02.2007 also approved an investment of Rs. 20 crore in HOCL in the form of redeemable, non-cumulative preference shares for restarting the caustic soda / chlorine plant at Rasayani.

(iv) As the financial position of HOCL again became precarious in 2012-13, the Government on 01.08.2013 approved the revision of the terms and conditions of the rehabilitation package of 2006 comprising of (a) Postponement of the redemption of Rs.270 crore preference shares issued to the Government of India (date of allotment 24.01.2008) from the originally approved FY 2011-12 onwards to FY 2015-16 onwards, and (b) Extension of the Government guarantee of Rs.100 crore for a further period of 5 years i.e. up to 28.08.2017, to enable the company to tide over its liquidity problems and for smooth running of the company.

(v) Another Government guarantee of Rs.150 crore was provided to HOCL in July, 2014 for issue of bonds by the company for meeting its working capital requirement and repayment of liabilities towards raw material suppliers, bank loan, employee dues etc.

(vi) Because of the deteriorating financial condition, HOCL was not in a position to pay the annual interest of Rs.24.61 crore on the Rs.100 crore and Rs.150 crore Govt. guaranteed bonds during 2015-16 and 2016-17. Financial assistance in the form of Non-Plan loan was provided to the company by the Government for meeting the above interest liability.

Despite the above efforts of the Government, HOCL has been making continuous cash losses since 2011-12. As on 31.3.2017, it had accumulated losses of Rs.1357.22 crore and negative net worth of (-) Rs.970.12 crore. The erstwhile Board for Industrial and Financial Construction (BIFR) had registered HOCL as a sick company under the provisions of the Sick Industrial Companies Act (SICA), 1985. Due to stoppage of continuous operation caused by non-availability of working capital, the company was not in a position to pay the interest on Government guaranteed bonds, dues to the raw material suppliers, the statutory dues of the employees to the various authorities, etc. Except for some ad hoc advances paid from time to time, the company has not paid salary regularly to its employees since February, 2015 and does not have working capital to run the plants. Because of working capital shortage, most of the plants are shut down and the workers / employees sitting idle while the unpaid salary bill continues to mount. The N2O4 plant, which is the only plant presently operational and supplies N2O4 for ISRO's space programme, has to be retained to continue its operation because of its strategic importance for ISRO. Hence, it is necessary to insulate its operations from HOCL so as not to allow the precarious financial position of HOCL to affect future operations of the N2O4 plant. In view of the above, in addition to others, it is important to restructure the operations of the company at the earliest so that the production of N2O4 for ISRO continues and at least part of the fund requirements towards meeting various liabilities can be generated by the company. Further, there is severe competition forthcoming in the sector with a private sector company setting up a 2 lakh MT per annum capacity Phenol plant which will meet majority of the 2.75 lakh MT domestic demand in the country. HOCL was unable to compete with imports in the absence of anti-dumping duties and struggles to compete even with the levying of anti-dumping duties. Hence, the issue of restructuring of the company needed to be considered urgently.

In the above background, the Government/Cabinet Committee on Economic Affairs (CCEA) on 17.05.2017 has approved a restructuring plan for HOCL. The restructuring plan involves closing down the operations of all the non-viable plants at Rasayani unit of HOCL except N2O4 plant which is to be transferred to ISRO on 'as is where is' basis, with about 20 acres of land and employees associated with the plant. While Kochi unit will continue its operations, 'in principle' approval has also been accorded for HOCL to be put up for strategic disinvestment through DIPAM after the process of disposing land and other unencumbered assets at Rasayani is completed.

Financial implication of the restructuring plan is Rs.1008.67 crore (cash) which is to be met partly from sale of 442 acres HOCL land at Rasayani to Bharat Petroleum Corporation Ltd. (Rs.618.80 crore) and the balance (Rs.365.26 crore) through bridge loan from the Govt. The funds will be used to liquidate the various liabilities of the company, including payment of outstanding salary and statutory dues of employees and repayment of Govt. guaranteed bonds of Rs.250 crore. The bridge loan amount, along with other Govt. liabilities of the company, is proposed to be repaid to the Govt. from the disposal of remaining unencumbered land and other assets of Rasayani unit.

Necessary action has been initiated by the Department and HOCL to implement the above restructuring plan for HOCL.

(Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers O.M. No.16017/06/2016-Ch.III dated 24.10.2017)

Comments of the Committee

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

Recommendation Sl. No.3

"The Committee note that based on discussions held at various levels in the Government, HOCL had devised a plan for restructuring its operations by closing down the operations of 9 non-viable plants and operating only 3 plants (including the strategically important N2O4 plant) at Rasayani and 2 viable plants at Kochi unit with the restructuring cost to be met partially from monetization of surplus land assets of the company and partially through Government financial assistance (cash and non-cash). With regard to the monetization of land assets, the Department is in consultation with Bharat Petroleum Corporation Limited (BPCL) and BPCL has agreed to take over around 440 acres of land. An amount of only Rs.403.66 crore is expected to be generated from the above monetization of HOCL land assets whereas the total cash fund requirement for clearing all the liabilities of the company and preparing long term commercial viability and business plan was much higher. In view of the fund generation / availability constraints, the proposal / DCN addressed liquidating only the urgent liabilities of HOCL (of Rs.376.45 crore), thereby shoring up the working capital position, and restoring the plant operations at both Rasayani and Kochi units at the earliest so that at least part of the fund requirements towards operations and salary cost could be generated by the company. The Committee, therefore, recommend that the Department must ensure proper financial management of the sale proceeds of excess land so that it may not suffer any handicap while carrying out its programmes and restructuring. The Committee would like to be apprised of the action taken in this regard. "

REPLY OF THE GOVERNMENT

" The CCEA approved restructuring plan for HOCL (mentioned in the reply to Recommendation No.1 above) includes sale of 442 acres HOCL land at Rasayani to Bharat Petroleum Corporation Ltd. at a total sale price of Rs.618.80 crore and grant of bridge loan of Rs.365.26 crore to HOCL for liquidating the various outstanding liabilities of the company other than HOCL's liabilities to the Govt. of India. The latter are to be settled from the proceeds of disposal of the remaining unencumbered land and other assets at Rasayani. For facilitating disposal of unencumbered, surplus land of HOCL at Rasayani (other than the approx. 20 acres land to be transferred to ISRO along with

N2O4 plant and 442 acres to be sold to BPCL as approved by the CCEA), M/s NBCC (India) Ltd., a PSU under the Ministry of Urban Development, has been appointed as the Land Management Agency (LMA) as per the CCEA approval. NBCC as LMA will manage, maintain and protect the land assets of HOCL till it is disposed of. NBCC is among the CPSEs nominated by the DPE as LMA for disposal of land assets of sick CPSEs which are for closure. DPE guidelines dated 07.09.2016 for time bound closure of sick/loss making CPSEs and disposal of movable and immovable assets will be adopted for final disposal of surplus land. "

(Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers O.M. No.16017/06/2016-Ch.III dated 24.10.2017)

RECOMMENDATION No. 4

"The Committee are pained to note that HOCL has become a chronically sick company and has been making cash losses since 2011-12 which has resulted in erosion of net worth of the company, lack of working capital and deterioration in the operations of the company leading to severe cash crunch. As a reason of which, the company has not been able to pay salary/wages and statutory dues of its employees for the past several months. In this regard Draft CCEA Note on revival/restructuring plan for HOCL was prepared by the Department which inter-alia includes provision of payment of outstanding salary/wages and statutory dues of employees to be met from monitoring of the surplus lands of HOCL. However, DCN was not supported by Department of Expenditure and Department of Public Enterprises. The Committee also observe there is surplus manpower in HOCL as on date. To pay salary to all the officials and employees of HOCL especially when it is reeling under severe financial crunches is onerous task. The Committee have been apprised by the Department that high manpower cost is one of the reasons for continuous loss of the company and the Voluntary Retirement Scheme (VRS) earlier introduced for surplus manpower reduction was not attractive as such the targeted reduction could not be achieved.

The Committee have empathy with the hardships of the workers who have been deprived of salary for the past so many months and therefore, recommend that the Department to come out with an effective proposal to ensure payment of salaries and statutory dues of the employees. The Committee would also like the Department to prepare such VRS which may meet the purpose. The Committee would like to be apprised of the action taken in this regard."

REPLY OF THE GOVERNMENT

" The CCEA approved restructuring plan for HOCL includes provision for payment of outstanding salary and statutory dues of the employees of both Rasayani and Kochi units, except the manpower associated with the N2O4 plant to be transferred to ISRO whose dues will be settled by ISRO. Similarly, provision has also been made in the restructuring plan for giving VRS / VSS as per DPE guidelines to the employees that will be rendered surplus after shutting down of the plants at Rasayani except for the employees associated with the N2O4 plant. After funds are received from BPCL out of the sale of land, the employees will be relieved by payment of their VRS/VSS and other statutory and terminal dues."

(Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers O.M. No.16017/06/2016-Ch.III dated 24.10.2017)

RECOMMENDATION NO. 6

"The Committee observe that as a result of final infusion to the tune of Rs.270 crore and continuation of Government of India guarantee of Rs. 100 crore for a full term of ten years during the year 2006-2007, HOCL made a profit of Rs. 17.09 crore during the year 2006-07 and Rs. 13.01 crore in 2007-08 and came out of the purview of BIFR in 2008. Similarly in the case of HFL, the Committee note that they have envisaged some diversification plan to make the company financially viable and profitable especially by developing Modified Poly Tetra Fluoro Ethylene (MPTFE) and the company expects income of Rs. 3 crore per year from MPTTEE. HFL has also developed TFE-Ether and Telomeres and started commercial facility of partial conversion of Telomeres. It has also developed Benzotrifluoride (BTF) on lab scale and sample has been accepted by the customer. The Committee also note that during 2016-17 (Prov), the company achieved a turnover of Rs. 33.78 crore. The Committee are pained to note that inspite of the efforts made by the company by diversifying its various activities and also achieving a turnover of Rs.33.78 crore (Prov) in 2016-17, the Government has decided for strategic disinvestment of HFL. In view of the foregoing the Committee feel that the strength of both the companies viz., HOCL and HFL should be reviewed and that restructuring may be planned and executed in view of the objectives the companies. The Committee therefore recommend that Government should revisit their decision for disinvestment/strategic sale. The Committee would like to be apprised of the action taken in this regard."

REPLY OF THE GOVERNMENT

"The detailed background in which restructuring plan for HOCL has been approved by the Government/CCEA on 17.05.2017 has been explained in the reply to Recommendation No.1.

As regards HFL, despite the efforts made by the company to come out of losses by diversifying its activities, the company has been making continuous losses since 2013-14. For 2016-17, the company suffered net loss of Rs.4.89 crore on a turnover of Rs.33.83 crore. As on 31.03.2017, the company has accumulated losses of Rs.88.17 crore and negative net worth of Rs.68.55 crore. Due to inadequate working capital, HFL is not paying 20% salary to its officers/ employees since January, 2015. Statutory dues of around Rs.15.92 crore remain outstanding as the company does not have sufficient funds to clear these dues. Wage revision arrears of approx. Rs.15.05 crore pertaining to 1997 and 2007 wage revisions have also not been paid due to shortage of funds. It is pertinent to mention here that the company is not in a position to generate the financial resources required to clear the above liabilities and to address the various factors like uneconomical plant capacity, old technology, high manpower cost, high interest cost due to outstanding loans, etc. that have been adversely affecting the company's performance over the years. Also, HFL does not manufacture any product of strategic interest for the country and can be categorised as a 'non priority' CPSE as per DPE guidelines dated 29.10.2015.

The *'in principle'* approval for strategic disinvestment of HFL has been accorded by the Government/Cabinet Committee on Economic Affairs (CCEA) based on due examination of the matter by and on the recommendations of the NITI Aayog and the Core Group of Secretaries on Disinvestment (CGD). As the decision for strategic disinvestment of HFL has been taken by the competent authority in the Government of India, further necessary action is being taken by the Department for implementing the said decision, in accordance with the guidelines / instructions issued by the Department of Investment and Public Asset Management (DIPAM) on disinvestment of CPSEs and their subsidiaries / units.

(Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers O.M. No.16017/06/2016-Ch.III dated 24.10.2017)

Comments of the Committee

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

CHAPTER – III

OBSERVATION / RECOMMENDATION WHICH THE COMMITTEE DO NOT DESIRE 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

Recommendation Sl. No.2

"The Committee note that the present situation of the company is largely claimed to be due to post 1990's liberalized and globalised economic scenario. However, the Committee after examining HOCL comes to the conclusion that it is the inability of the management of the company to adapt to the changing scenario which is responsible for the current situation. The factors like cumulative adverse impact of the uneconomic capacity of its plants, high manpower cost, high finance cost, severe international competition, low technology, etc., are only partly responsible for the poor financial conditions of HOCL, a very strong reason for the losses incurred by the company is poor management on the part of HOCL. The Committee therefore, recommend the Department to form a expert management team for the effective implementation of the current revival/restructuring plan of HOCL. The Committee, however at the same time emphasize that constant monitoring must be maintained to ensure long term revival of the company. The Committee would like to be apprised of the action taken in this regard."

REPLY OF THE GOVERNMENT

"As mentioned in the reply to Recommendation No.1, the Government/Cabinet Committee on Economic Affairs (CCEA) on 17.05.2017 has approved a restructuring plan for HOCL. To ensure proper, expeditious implementation of the restructuring plan, the same is being monitored and regularly reviewed by the Department at the level of Secretary (C&PC)."

(Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers O.M. No.16017/06/2016-Ch.III dated 24.10.2017)

Comments of the Committee

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

CHAPTER – V

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

RECOMMENDATION NO 5

"The Committee note that the Government on 27.10.2016 has given 'in principle' approval for the parent company of HFL to exit the firm completely. The Committee also note that the Board of Directors of HOCL has conveyed its agreement with the government's proposal for strategic disinvestment of HFL Final decision on the actual mode of strategic disinvestment viz. outright sale or block sale of shares is yet to be taken by the HOCL Board. The Committee observe that For processing the strategic disinvestment of HFL, Inter-Ministerial Group (IMG) and Evaluation Committee (EC) are to be constituted as per the guidelines issued by the Department of Investment & Public Asset Management (DIPAM) in this regard. IMG under chairmanship of Secretary (C&PC) has been constituted on 27.01.2017. First meeting of the IMG was held on 31.01.2017 and 01.02.2017 following which RFP for appointment of Transaction Adviser (TA) and Legal Adviser (LA) for the strategic disinvestment of HFL have been published in 3 national newspapers and also uploaded on the website of the Department, HOCL and HFL. Since appointment of Asset Valuer is to be done by the parent company, HOCL has been instructed to take necessary action for the same. Constitution of EC would be done shortly. The Committee, therefore recommend the strategic disinvestment of HFL should be gainfully done and the sale should not cause loss to State exchequer. Besides this the Government should have stand by plan or alternative plan in case the strategic sale could not be arrived to its logical conclusion. The Committee would like to be informed of the action taken by the Government in this regard."

REPLY OF THE GOVERNMENT

"The strategic disinvestment of HFL is being processed by the Department in accordance with the guidelines / instructions issued by the Department of Investment and Public Asset Management (DIPAM) on disinvestment of CPSEs and their subsidiaries / units from time to time. To ensure that the strategic disinvestment of HFL is gainfully done, an Inter-Ministerial Group (IMG) under the chairmanship of Secretary (C&PC) has been constituted for the selection of Transaction Adviser (TA) and Legal Adviser (LA), deciding qualification criteria, preparing PIM and EoI, etc. An Evaluation Committee under the chairpersonship of AS &FA, M/o Chemicals & Fertilizers, has also been constituted for fixing reserve price and making recommendations for approval of strategic partner and the bid amounts. Based on the recommendations of the IMG and after approval of the competent authority, TA and LA has been appointed for providing advisory services and managing the strategic disinvestment process of HFL.

Preliminary Information Memorandum (PIM) and Expression of Interest (EoI) for disinvestment of HFL are being finalized by the TA in accordance with the recently issued guidelines of DIPAM. It may be noted that presently 'in principle' approval of CCEA has been accorded for disinvestment of HFL. Once the procedures underway relating to issue of PIM & EoI, shortlisting of bidders, submission of bids, etc. are completed, requisite proposal for HFL's disinvestment will be resubmitted for final decision of the CCEA. Necessary action will be taken by the Government / Department in case the strategic sale cannot be taken to its logical conclusion."

(Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers O.M. No.16017/06/2016-Ch.III dated 24.10.2017)

Comments of the Committee

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

New Delhi;
19 December, 2017
28 1939 (Saka)

ANANDRAO ADSUL
Chairperson
Standing Committee on Chemicals and Fertilizers

MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2017-18)

The Committee sat on Tuesday, the 19 December, 2017 from 1630 hrs. to 1700 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Anandrao Adsul - Chairperson

MEMBERS

LOK SABHA

2. Shri George Baker
3. Smt. Anju Bala
4. Shri B. N. Chandrappa
5. Smt. Veena Devi
6. Shri R. Dhruvanarayana
7. Shri Chhedi Paswan
8. Smt. Kamla Devi Patle
9. Dr. Kulamani Samal
10. Shri Kirti Vardhan Singh
11. Smt. Rekha Arun Verma

RAJYA SABHA

12. Dr. Bhusan Lal Jangde
13. Shri Ranvijay Singh Judev
14. Shri Abdul Wahab

SECRETARIAT

1.	Shri Vinod Kumar Tripathi	-	Joint Secretary
2.	Shri A. K. Srivastava	-	Director
3.	Shri U. C. Bharadawaj	-	Deputy Secretary

2. At the outset, the Hon'ble Chairperson welcomed the Members of the Committee.

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

(i) Draft report on the subject 'Freight Subsidy Policy' (Department of Fertilizers) and;

(ii) Draft Report on Action Taken by the Government on the recommendations contained in the Thirty-fifth Report (16th Lok Sabha) on the subject 'Revival of Sick PSUs in Chemicals and Petrochemicals Sector' pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals).

4. After deliberations the Draft Reports were adopted by the Committee without any changes/amendments. The Committee authorised the Chairperson to finalize and present the reports to the House during the current winter session of Parliament.

The Committee then adjourned.

Appendix – II

(*Vide* Para 3 of the Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTY-FIFTH REPORT (SIXTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS ON THE SUBJECT 'REVIVAL OF SICK PSUs IN CHEMICALS AND PETROCHEMICAL SECTOR' OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)

I	Total No. of Recommendations	6
II	Observations / Recommendations which have been accepted by the Government: (*Vide* Recommendation Nos. - and -)	4
	Percentage of Total	66.8%
III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply:- 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. 2)	1
	Percentage of Total	16.6%
V	Observations / Recommendations in respect of which final replies of the Government are still awaited: (*Vide* Recommendation No.5)	1
	Percentage of Total	16.6%