

**2**

**STANDING COMMITTEE ON  
CHEMICALS & FERTILIZERS  
(2019-20)**

**SEVENTEENTH LOK SABHA**

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

**DEMANDS FOR GRANTS  
(2019-20)**

**SECOND REPORT**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

***December, 2019/ Agrahayana, 1941 (Saka)***

**SECOND REPORT**

**STANDING COMMITTEE ON  
CHEMICALS AND FERTILIZERS  
(2019-20)**

**(SEVENTEENTH LOK SABHA)**

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

**DEMANDS FOR GRANTS  
(2019-20)**

*Presented to Lok Sabha on 12 December 2019*

*Laid in Rajya Sabha on 12 December 2019*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*December, 2019/ Agrahayana, 1941 (Saka)*

<b>CONTENTS</b>	
COMPOSITION OF THE COMMITTEE (2019-20) .....	(III)
INTRODUCTION .....	(V)
<b>REPORT</b>	
CHAPTER-I INTRODUCTORY	1
CHAPTER-II AN OVERVIEW ON INDIA CHEMICAL & PETROCHEMICALS INDUSTRY	3
CHAPTER-III DEMANDS FOR GRANTS (2019-20)	9
CHAPTER-IV SCHEMES OF THE DEPARTMENT	13
CHAPTER-V PSUs UNDER THE DEPARTMENT	20
CHAPTER-VI AUTONOMOUS INSTITUTES UNDER THE DEPARTMENT	30
CHAPTER-VII BHOPAL GAS LEAK DISASTER (BGLD)	36
<b>OBSERVATIONS AND RECOMMENDATIONS</b>	39-47
<b>APPENDICES</b>	
I. MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2019-20) HELD ON 22 OCTOBER 2019	48
II. MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON CHEMICALS AND FERTILIZERS (2019-20) HELD ON 10 DECEMBER 2019	51

**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2019-20)**

Ms. Kanimozhi Karunanidhi - Chairperson

**MEMBERS  
LOK SABHA**

2	Shri Maulana Badruddin Ajmal
3	Shri Ramakant Bhargava
4	Shri Prataprao Govindrao Patil Chikhalikar
5	Shri Rajeshbhai Naranbhai Chudasama,
6	Shri Ramesh Chandappa Jigajinagi
7	Shri Kripanath Mallah
8	Shri Satyadev Pachauri
9	Smt Aparupa Poddar
10	Shri Arun Kumar Sagar
11	Shri M. Selvaraj
12	Shri Pradeep Kumar Singh
13	Shri Uday Pratap Singh
14	Shri Nandigam Suresh
15	Shri Er. Bishweswar Tudu
16	Shri H. Vasanthakumar
17	Shri Prabhubhai Nagarbhai Vasava
18	Dr. Vishnu Prasad M.K.
19	Shri Deepak Baij
20	Dr. Manoj Rajoria
21	Vacant

**RAJYA SABHA**

22	Shri Ranjib Biswal
23	Shri G.C.Chandrashekhar
24	Dr. Anil Jain
25	Shri Ahmad Ashfaque Karim
26	Shri Amar Singh
27	Shri Vijay Pal Singh Tomar
28	Vacant
29	Vacant
30	Vacant
31	Vacant

**SECRETARIAT**

1.	Shri Manoj K. Arora	-	OSD (LSS)
2.	Shri A.K. Srivastava	-	Director
3.	Shri C. Kalyanasundaram	-	Additional Director
4.	Shri Gagan Kumar	-	Committee Officer
5.	Shri P. Siva Prasad	-	Assistant Committee Officer

## INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2019-20) having been authorised by the Committee to present the Report on their behalf, present this Second Report on Demands for Grants of the Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals) for the year 2019-20.

The Committee examined the Demands for Grants (2019-20) pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals) which were laid in Lok Sabha and Rajya Sabha on 16 July 2019.

The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals) at their sitting held on 22 October, 2019.

The Report was considered and adopted by the Committee at their sitting held on 10 December 2019.

The Committee wish to express their thanks to the Officers of the Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals) for their cooperation in furnishing the written replies and other material/information and for placing their views before the Committee.

For facility of reference and convenience, the Observations/ Recommendations of the Committee have been printed in bold letters at the end of the Report.

**New Delhi;**  
**10 December, 2019**  
**19 Agrahayana, 1941 (Saka)**

**Kanimozhi Karunanidhi**  
**Chairperson**  
**Standing Committee on**  
**Chemicals and Fertilizers**

## **DRAFT REPORT**

### **CHAPTER – I**

#### **INTRODUCTORY**

##### **Aims and Mandate of Department of Chemicals and Petrochemicals**

1.1 Following are the aims of the Department of Chemicals and Petrochemicals (DCPC):-

- i. To formulate and implement policy and programmes for achieving growth and development of the chemical and petrochemical sectors in the country; and
- ii. To foster the spirit of public-private partnership for overall development of above-mentioned sectors of the industry.

1.2 The Department has the mandate to deal with the following broad subject matters:

- i. Insecticides excluding the administration of 'The Insecticides Act, 1968' (46 of 1968);
- ii. Dye-Stuffs and Dye-Intermediates;
- iii. All organic and inorganic chemicals, not specifically allotted to any other Ministry or Department;
- iv. Planning, development and assistance to all industries dealt with by the Department;
- v. Bhopal Gas Leak Disaster-Special Laws relating thereto;
- vi. Petrochemicals;
- vii. Industries relating to production of non-cellulosic synthetic fibers (Nylon Polyesters, Acrylic etc.);
- viii. Synthetic Rubber; and
- ix. Plastics including fabrication of plastic and moulded goods.

1.3 The Department has five major divisions viz. Chemicals, Petrochemicals, Planning & Personnel and Statistics & Monitoring (S&M). The Internal Finance Division is common to the three Departments in the Ministry of Chemicals and Fertilizers.

1.4 There are three Central Public Sector Undertakings (CPSU) in the chemical sector namely Hindustan Organic Chemicals Ltd. (HOCL), Hindustan Insecticides Ltd. (HIL) and Hindustan Fluorocarbons Limited (HFL), which is a subsidiary of HOCL and one CPSU in the petrochemical sector viz. Brahmaputra Cracker and Polymer Ltd.

(BCPL). The autonomous institutes under this Department are Central Institute of Plastics Engineering & Technology (CIPET) and Institute of Pesticides Formulation Technology (IPFT).

**1.5 The detailed Demands for Grants (2019-20) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) were presented to the Lok Sabha on 16<sup>th</sup> July, 2019. Since the Departmentally Related Standing Committees were not constituted, the Rule 331G of Rules of Procedure and Conduct of Business in Lok Sabha was suspended. Therefore a Motion was moved in Lok Sabha on 11.07.2019 to enable Lok Sabha to Pass the Demands for Grants in respect of Union Budget for the year 2019-20 without referring them to DRSCs. However, Hon'ble Speaker observed in the House that the Demands for Grants would stand referred to the concerned Departmentally Related Standing Committees after they have been constituted for examination and report to the House. The demand shows a budgetary support of Rs. 263.65 crore. The Committee have examined in-depth the detailed Demands for Grants of the Department for the year 2019-20. The Observations/Recommendations of the Committee have been given in a separate chapter at the end of the Report. The Committee expect the Department to take all necessary steps for proper and timely utilization of funds ensuring completion of the various plans and projects in a time bound manner. The Committee also expect the Department to act on the recommendations of the Committee expeditiously and furnish action taken replies to the observations/recommendations made in the Report within three months from the date of presentation of this Report.**

## CHAPTER – II

### AN OVERVIEW ON INDIAN CHEMICAL & PETROCHEMICAL INDUSTRY

The Chemical and Petrochemical Industry is a knowledge intensive as well as capital intensive industry. It is an integral constituent of the growing Indian Industry. It includes basic chemicals and its products, petrochemicals, paints, varnishes, gases, soaps, perfumes, toiletry etc. The diversification within the chemical industry is large and covers more than eighty thousand commercial products. This industry occupies a pivotal position in meeting basic needs and improving quality of life. The industry is the main stay of industrial and agricultural development of the country and provides building blocks for several downstream industries, such as textiles, papers, paints, varnishes, soaps, detergents, pharmaceuticals, etc.

2.2 According to National Accounts Statistics 2018, brought out by the Central Statistics Office (CSO), chemical and chemical products sector (industry division 20 of National Industrial Classification (NIC) 2008 accounted for 1.41% of the Gross Value Added (GVA) for all economic activities (at 2011-12 prices) in 2016-17, compared to 1.49% in 2015-16. The share of this sector in the GVA of manufacturing sector at 2011-12 prices was 7.76% during 2016-17 as compared to 8.24% in 2015-16. The Compounded Annual Growth Rate (CAGR) based on average annual index of Industrial Production (IIP) for the Chemicals and Chemicals product during the period 2014-15 to 2018-19 is 2.13%. The size of the Indian Chemical industry in terms of value of output in the year 2016-17 was Rs.6,83,538 crore while size of the Indian Chemical Industry including Pharmaceutical in terms of value of output in the year 2016-17 was Rs.10,81,265 crore. The production of Total Major Chemicals and Petrochemicals in 2018-19 was 27,847 thousand MT, compared to 26,738 thousand MT in 2017-18 implying growth of 4.15%. CAGR in production of total Chemicals and Petrochemicals during the period 2014-15 to 2018-19 is 4.77%.

#### **Production of Chemicals and Petrochemicals**

2.3 As per information given in Annual Report 2018-19 of the Department of Chemicals and Petrochemicals, production of selected major chemicals and petrochemicals during the years 2014-15 to 2018-19 is given below:-

Figures in thousand Metric Tonne (MT)							
Sl. No.	Product	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR (%)
1.	ALKALI CHEMICALS	6625	6802	7009	7631	8043	4.97
2.	INORGANIC CHEMICALS	944	1002	1053	1058	1064	3.04
3.	ORGANIC CHEMICALS	1619	1589	1638	1799	1884	3.86
4.	PESTICIDES (TECHNICAL)	186	188	214	213	217	3.93
5.	DYES AND PIGMENTS	285	304	320	367	370	6.74
6.	TOTAL BASIC MAJOR CHEMICALS (SUM OF 1 TO 5)	9660	9884	10234	11068	11578	4.63
7.	SYNETHETIC FIBRES	3532	3558	3599	3625	3601	0.48
8.	POLYMERS	7558	8839	9163	9276	10040	7.36
9.	ELASTOMERS (S.RUBBER)	172	242	285	308	351	19.52
10.	SYNETHETIC DETERGENT INTERMEDIATES	596	566	664	743	687	3.62
11.	PERFORMANCE PLASTICS	1591	1700	1799	1719	1589	-0.03
12.	TOTAL BASIC MAJOR PEROCHEMICALS	13448	14905	15510	15670	16269	4.88
13.	TOTAL BASIC MAJOR CHEMICALS AND PETROCHEMICALS	23108	24789	25744	26738	27847	4.77

Note: Production is aggregated based on Monthly Production Returns from manufacturers under large and medium scale.

### **CHEMICAL SECTOR PRODUCTION TRENDS**

2.4 It may be seen from above table that the production of Alkali Chemicals accounts for around 69% of the total production of Major Chemicals for the year 2018-19. The production of Major chemicals in 2018-19 is 11,578 thousand MT, compared to 11,068 thousand MT during the same period in 2017-18 implying a growth of 4.61%. The CAGR in production of total basis major chemicals during the period 2014-15 to 2018-19 is 4.63%.

### **PETROCHEMICAL SECTOR PRODUCTION TRENDS**

2.5 Petrochemicals, which comprise of plastic and host of other chemicals, are downstream hydrocarbons derived from crude oil and natural gas. The value additions in the petrochemicals chain offer immense possibilities and cater to the need of textiles and clothing, agriculture, packaging, infrastructure, healthcare, furniture, automobiles, information technology, power, electronics and telecommunication, irrigation, drinking water, construction and a host of other articles of daily and specialised usage amidst other emerging areas. There are two naphtha, two gas based and seven dual feed

cracker complexes in the country with a combined annual ethylene capacity of 7.2 million MT.

## **INTERNATIONAL TRADE**

2.6 As per the information given in the Annual Report 2018-19, trends in exports and imports of Chemicals and Chemical Products (excluding Pharmaceutical Products and Fertilizers) during 2014-15 to 2018-19 are given below:-

### **A. Exports**

(In Rs. Crore)

HS Code	Commodity	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR (%)
	Total National Exports	1896445	1716384	1849434	1956515	2076262	2.29
29	INORGANIC CHEMICALS	8749	7913	9138	11175	12599	9.55
32	TANNING OR DYEING	17206	16165	17189	18951	20825	4.89
38	MISCELLANEOUS CHEMICAL PRODUCTS	19432	20083	21792	25080	28948	10.48
39	PLASTIC AND ARTICLES THEREOF	31022	34381	35502	40928	51159	13.32
4002	SYNTHETIC RUBBER AND FACTICE	379	452	480	571	686	15.95
54	MAN MADE FILAMENTS	14621	13460	13334	13984	14506	-0.20
55	MAN MADE STAPLE FIBRES	13334	13625	14373	13212	12018	-2.57
A.	Total Chemicals and Petrochemical Products	177813	181374	190193	219281	254768	9.41
	% share in total export	9.4	10.6	10.3	11.2	12.3	

### **B. Imports**

(In Rs. Crore)

HS Code	Commodity	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR (%)
	Total National Imports of which	2737087	2490306	2577675	3001033	3285767	4.67
28	INORGANIC CHEMICALS	31413	33170	31654	38927	48911	11.71
29	ORGANIC CHEMICALS	108320	101986	103798	123761	144474	7.47
32	TANNING OR DYEING	982	10467	11186	12995	14103	9.47
38	MISCELLANEOUS CHEMICAL PRODUCTS	25494	27207	30642	35521	38257	10.68
39	PLASTIC AND ARTICLES THEREOF	71398	74566	77573	89768	97489	8.10
4002	SYNTHETIC RUBBER AND FACTICE	6697	5205	5654	6687	7316	2.24%
54	MAN-MADE FILAMENTS	5042	4879	4856	5538	6270	5.60
55	MAN MADE STAPLE FIBRES	4539	4401	3826	4658	6038	7.40
A.	Total Chemicals and Petrochemical Products	262722	261880	269189	317856	362858	8.41
	% share in total Import	9.6	10.5	10.4	10.6	11.0	

## **Foreign Exchange Outgo**

2.7 As per the information provided by the department, the foreign exchange outgo on account of import of Chemicals and Petrochemicals during the period 2015-16 to 2018-19 as under:-

(Rupees in Lakh crore)

<b>Year</b>	<b>Imports</b>
2015-16	2.61
2016-17	2.69
2017-18	3.17
2018-19	3.62
Total	12.09

2.8 In regard to the steps that have been taken by the department to enhance domestic production of chemicals which are imported due to non-production or shortages etc., the Department in a written reply had stated that the entrepreneurs are setting up units in the private sector, based on techno economic feasibility, demand and supply scenario and cost of feedstock/raw materials. The Department, in association with stakeholders, organizes international seminars cum exhibitions on chemical industry which provides platform for the Indian industry and international community for exchange of information on trade, business and technology etc. for the growth of the sector. The Department has initiated an exercise for making existing voluntary standards as mandatory so as to prevent import of poor quality products and to ensure that the quality of domestically produced and imported chemicals conform to BIS standards. This measure may act as non-tariff barrier and shall check import of undesirable chemicals and enhance domestic production of quality chemicals.

2.9 As per the information provided by the department, the following three mega projects are under implementation/planning in the private and public sector to meet the growing demand of polymers in the country.

- (i) HMEL, Bathinda with Naphtha cracking capacity of 1.20 million tones per annum (under implementation)
- (ii) Ratnagiri Refinery and Petrochemicals Ltd., with crude refining capacity of 60 million tones per annum was planned for Ratnagiri location. However it is now being planned for relocation within Maharashtra state (under planning).
- (iii) HPCL Rajasthan Refinery Limited, with a refinery cum petrochemical complex with capacity of 9 million tones per annum (under planning).

2.10 Further the Department had stated that the following projects are under execution to increase the domestic consumption of Naphtha in the near future:

- (i) Panipat Naphtha Cracker revamp to 3500 TMTA in 2023-24
- (ii) PX (Para Xylene) – PTA (Purified Terephthalic Acid) at Panipat 2022-23
- (iii) New PX-PTA plant at Paradip in 2022-23.

2.11 Following is the vision plan of the Department for the sector:-

“Five crackers of 1.5 million capacities are required to be installed in the country by 2025 to cater to the growing demand of polymers, synthetic rubbers, manmade fiber, elastomers etc”.

2.12 During oral evidence, The Committee pointed out that the foreign exchange outgo on account of import of Chemicals and Petrochemicals during the period 2015-16 to 2017-18 last three years was Rs.8.47 lakh crore and enquired about the concrete steps that are proposed to be taken to install the crackers of 1.5 million capacities which are required to be installed in the country by 2025. The Secretary of the Department replied as under:-

“Madam, you have raised a very important point. We are quite worried on that particular front. If I will give you some broad figures, you will be surprised that in 2004-05, our net imports were about Rs. 1,000 crores plus and in 2018-19 it jumped to about Rs. 1,20,000 crores. It is simply because the demand for chemicals and petro-chemicals is growing at about 7 to 9 per cent. It is in that range whereas the capacities are growing in the range of two or three per cent. So, the gap of the demand and availability is widening. This is one part. The second part we all discussed that because of the cheap imports that are coming, whatever production capacities are already there, the capacity utilisation is going down. They are not able to compete with cheap products. As a result, the imports are rising very fast. They are in the range of about Rs. 3 lakh crores. Even the exports are also going up but they are in the range of about Rs. 2 lakh crores or something. So, the gap is slowly widening. Both are going up but this gap is widening. As you rightly said, Madam, the country requires, at least, one cracker of about 1.5 million tonnes capacity every year. Each integrated cracker costs about Rs. 40,000 crores or Rs. 50,000 crores. Mr. Samir has already pointed out that this sector is totally delicensed, deregulated and 100 per cent FDI through the automatic route is permissible. We have been discussing with various industrial associations and top industrialists also to come and invest in India and take full advantage of the demand that is getting generated. But there are some issues. For example, the kind of incentives that are being offered in our neighbouring countries like Thailand, Vietnam, Japan, etc., or the unit costs that they have incurred in terms of power, land, environment clearances, etc., it is becoming so attractive that the industrialists are finding it cheaper to invest in those countries and supply to India.”

2.13 In regard to the steps being taken thereon, the Secretary informed the Committee as follows:-

“Madam, for example, the recent decision of the Ministry of Finance, the hon. Finance Minister, of reducing the corporate tax is definitely a very good step in

that direction. But something else also needs to be done. For example, the Dividend Distribution Tax is another major issue people are talking of. They are saying, we are coming; we are investing in India. Once we generate dividends, if we want to take it back, you are taxing it again heavily. This is one of the points. Similarly, they are talking about two-three other issues. Of course, now for new companies they say no MAT. But for an existing company, if it wants to expand, there are some issues. Like that, we are now preparing a different Cabinet Note. Another reason is this. People are saying that these countries are not only having lower tax rate; they are giving tax holidays. For the first five years or 10 years or 15 years, there is a tax holiday. They say: 'Can you offer something like that?' People are asking this. Like that there are some issues. So, we are trying to come up with a Cabinet Note saying that if you offer further concessions, further incentives, perhaps India would be able to attract higher investments into the country. We are trying our best."

## CHAPTER – III

### DEMANDS FOR GRANTS (2019-20)

#### A. DEMAND FOR GRANTS 2019-20 – DEMAND NO.5

3.1 Budget Estimates pertaining to the Department of Chemicals and Petrochemicals for 2019-20 are as under:-

ACCOUNT	2017-18	2018-19		2019-20
	ACTUAL	BE	RE	BE
REVENUE	227.36	199.65	340.99	263.65
CAPITAL	384.76	--	--	--
TOTAL	612.11	199.65	340.99	263.65

(P-6 OF Detailed Demands for Grants 2019-20)

3.2 When asked what are the rationale for fixing BE at Rs.263.65 crore which is less than RE for 2018-19 and the Actual Expenditure for 2017-18 (Rs.612.11 Crore), The Department in its written reply stated as under:-

“The Ministry of Finance had allocated Rs.263.65 crore to the Department as against the proposed total outlay of Rs.510.00 crore in BE 2019-20, inclusive of Rs.249.45 crore for Assam Gas Cracker Project (AGCP) and Rs.149.97 for the Central Institute of Plastic Engineering & Technology (CIPET). However out of the total BE of Rs.263.65 crore, allocation of Rs.100.00 crore to AGCP and Rs.80.00 crore to CIPET only have been made under BE 2019-20. In the BE of 2018-19, the Ministry of Finance made an allocation of Rs.199.65 crore. However, at the 1<sup>st</sup> Supplementary stage, the Department received Rs.200.00 crore as cash supplementary for reducing the liabilities of the AGCP due to cost overruns. Despite the total BE standing at Rs.399.65 crore, the RE was reduced to Rs.340.99 crore, mainly due to shortfall in releases/expenditure in the 1<sup>st</sup> quarter of 2018-19. In the RE 2017-18, augmentation was mainly to restructure HOCL and redeem the Government guarantees of Rs.250.00 crore and part payment (Rs.110.26 crore) of priority outstanding statutory dues (of employees and others). Accordingly the supplementary of Rs.360.26 crore was obtained. Thus the actual expenditure for 2017-18 was Rs.612.11 crore”.

3.3 During oral evidence of the representatives of the Department of Chemicals and Petrochemicals on Demands for Grants, 2019-20, the committee also asked about the variations in Budget and Revised estimates during the last two years and the reasons for less allocation of funds by the Ministry of Finance than the requirement. In this regard, the Secretary of the Department explained as follows:-

“The first question was on the budget, Sir. If you see, as I was mentioning earlier, let me start from 2016-17. Assam Gas Cracker Project was zero. Loans and Advances to HOCL was Rs.24 crore. If you take out this Rs.24 crore, our budget allocation was about Rs.140 and odd crore for the entire Department other than AGCP and then HOCL.

If you come to 2017-18, the allocation to Assam Gas Cracker Project is Rs.100 crore, and loans and advances to HOCL is Rs.384 crore. That means, Rs.484 crore out of Rs.612 crore is basically for these two which were for a particular time period only. Once it was done, loans and advances were given to HOCL. For the next year, 2018-19 onwards, it is not there. So, Rs.612 crore include Rs.384 crore and Rs.100 crore for AGCP, which is again a temporary thing in the sense that now we are given Rs.100 crore this year. If another Rs.100 crore or Rs.140 odd crore is given, the entire AGCP funding from Government of India will cease. So, other than AGCP and HOCL, our budgetary allocations are fluctuating in the range of Rs.130-160 crore.

Sir, you are right in the sense that we asked for more money but less money was given, as a result of which we have to slow down on some other projects which we intend to take up particularly, the CIPET assistance. We asked for more money. We were able to get Rs.80 crore at the time of BE. Maybe at the time of RE, we will again ask for more money so that at least those projects which are in pipeline, we would be able to execute them faster, complete them, and take up new projects”.

3.4 Against the proposed total outlay of Rs.510 crore during 2019-20, the Ministry of Finance allocated Rs.263.65 crore. This was further allocated scheme wise by the Department as follows:-

**(Rs. in crore)**

<b>Sl. No.</b>	<b>Name of the Scheme</b>	<b>Proposed BE 2019-20</b>	<b>Approved 2019-20</b>
I	Central Sector Schemes		
1.1	Assam Gas Cracker Project (AGCP)	249.45	100.00
1.2	New Schemes of Petrochemicals (NSP)	51.62	31.65
1.3	Chemical Promotion & Development Scheme (CPDS)	3.50	3.00
	Total	304	134.65
II	Other Central Expenditure (Sectt./BGLD/Abs/PSUs)		
2.1	Secretariat/Economic Services		
2.2	Central Institute of Plastic Engineering & Technology (CIPET)	149.97	80.00
2.3	Institute of Pesticides Formulation Technology (IPET)	11.64	8.00
2.4	Hindustan Organic Chemicals Ltd. (HOCL)	0.00	0.00
2.5	Hindustan Insecticides Ltd. (HIL)	0.00	0.00
2.6	Hindustan Fluorocarbons Ltd. (HFL)	0.00	0.00
2.7	Bhopal Gas Leak Disaster (BGLDO)	21.42	21.42
	Total	205.43	129.00
	Grand Total	510.00	263.65

3.5 The Committee further asked the Department the manner in which the proposed BE of Rs.263.65 crore for 2019-20 is likely to help the Department in achieving development goals envisaged for schemes/programmes of the Department and the extent to which the initiatives of the Department are likely to be affected due to fund cut by the Ministry of Finance. In this regard, the Department in its written reply had stated that the Department had proposed

allocation of BE Rs. 510.00 crore for the year 2019-20. The requirement was to meet additional expenditure for the following:

- (i) AGCP: "Assam Gas Cracker Project" (AGCP) has been implemented by Brahmaputra Cracker & Polymer Limited (BCPL), a CPSE under the administrative control of DCPC, in the petrochemicals sector. The project has been commissioned on 2<sup>nd</sup> January, 2016 and dedicated to the National by the Hon'ble Prime Minister on 5<sup>th</sup> February, 2016. BCPL requires a capital subsidy of Rs.128.43 crore immediately to reduce the project liability.
- (ii) CIPET:- The Department of Chemicals & Petrochemicals has been providing financial support to the Central Institute of Plastics Engineering technology (CIPET) for strengthening its civil and technical infrastructure facilities, research and development capacities and academic and training initiatives. For the year 2019-20, an amount of Rs.80.00 crore has been allocated to CIPET at BE stage. CIPET has requested to provide additional fund of Rs.30.00 crore for other CIPET centre activities.

3.6 In view of the above, the Department has opined that the pace of developmental activities for BPCL and CIPET are likely to be affected, to that extent due to curtailed Budget for the year 2019-20.

3.7 When it was asked whether the Department had taken up the matter of insufficient budgetary allocation with the Ministry of Finance, the Department had stated in a written reply that the Ministry of Finance allocates funds at the stage of BE to the Department based on the expenditure trend in the last few years and Medium Term Expenditure Framework (MTTF). Additional requirement, wherever required by the Department, is being provided at the supplementary/RE Stage.

## **B. GST on Pesticides**

3.8 During oral evidence, the Committee asked about the reasons for not lowering GST on Pesticides from 18 percent to 5 percent. A representative of the Department of Chemicals and Petrochemicals replied as under:-

"Sir, before introduction of GST, the VAT in most of the important States where the pesticides are consumed in large scale, were around 12 per cent. But after introduction of GST this has become 18 per cent. So, there was a major increase in the rates. Based on that, actually, we did a study and had recommended to bring it down to 5 per cent on the same lines as fertilizers because fertilizer is also one of the agro-input which are required by the farmers. Pesticide is also equally an important input. That also should be brought down to five per cent. That recommendation has already been made by our Ministry. But, unfortunately, it was not accepted."

The Department further furnished additional written information in this respect, as was assured during the oral evidence, as under:-

"After the implementation of GST, the Department of Chemicals & Petrochemicals received various representations from Pesticides industry associations appealing to reduce GST on pesticides. Pesticide Manufacture

Association of India (PMFAI) mentioned that agricultural; inputs other than Pesticides, such as Fertilizers, Seeds etc, attract only 5% GST whereas pesticides which also is one of the key agricultural inputs attracts 18% GST, a hike of 6% from the earlier Excise Duty of 12%. Agrochemicals are one of the key inputs for agriculture which protect the crops from ravages of pests and diseases and thereby increasing the agricultural productivity. PMFAI contended that whereas other agricultural inputs like fertilizers and seeds attract only 5% GST, bringing pesticides, which is also an equally important agricultural input, under 18% GST slab is unfair. The Association further stated that whereas the Government is taking initiatives for doubling farmers' income by 2022, the increase in tax from 12% to 18% on various pesticides/ agrochemicals will not be in conformity with policies of doubling farmers' income. It is also mentioned that crops worth Rs. 90000 crores is lost annually due to pests and diseases. This scenario is to be controlled by judicious use of crop protection products like agrochemicals and pesticides. Therefore, it was pleaded that Government may charge minimum tax on pesticides for making them available to farmers at reasonable prices. Owing to the importance of Pesticides as a key agricultural input, with the approval of the then Hon'ble Minister (C&F), vide O.M. dated 8th June, 2018 Ministry of Finance was requested to consider reducing the GST rate of Pesticides from 18% to 5%".

## CHAPTER IV

### SCHEMES OF THE DEPARTMENT

#### (A) SETTING UP OF PLASTIC PARKS

4.1 The scheme aims at setting up of need based plastic parks, an ecosystem with state-of-the-art infrastructure and enabling common facilities through cluster development approach, to consolidate and synergize the capacities of the domestic downstream Plastic Processing Industry. The larger objective of the scheme is to contribute to the economy by increasing investment, production, export in the sector and also generation of employment.

4.2 Under the scheme, the Government of India provides grant funding up to 50% of the project cost, subject to a ceiling of Rs. 40 crore per project. The remaining project cost is funded by the State Government or State Industrial Development Corporation or similar agencies of State Government, beneficiary industries and loan from financial institutions.

4.3 Status of Six Plastic Parks sanctioned under the Scheme is as under:-

	<b>Year of Approval</b>	<b>Project Cost (Rs. in cr.)</b>	<b>Amount released (Rs. in cr.)</b>	<b>Work Progress</b>
Madhya Pradesh (Tamot)	2013	108	32.80	Under Progress
Odisha (Paradeep)	2013	106.78	33.88	Under Progress
Assam (Tinsukia)	2014	93.65	22.00	Under Progress
Jharkhand (Deogarh)	2018	67.33	2.00	Work Started in Aug-2019
Madhya Pradesh (Gwalior)	2018	68.72	6.87	Under Progress
Tamil Nadu (Thiruvallur)	2019	264.60	8.00	Work Yet to Start

Apart from the above, four more Plastic Parks under consideration are Haryana (Panipat), Chattisgarh (Rajnandgaon), Uttarakhand (Udham Singh Nagar), West Bengal (Bankura)

4.4 When asked about the reasons for slow progress of the Plastic Parks, the Department in its written reply furnished the following information:

"The reasons for slow progress are ascertained on regular basis by the Department and the project progress, along with the issues are reviewed at regular intervals during the Scheme Steering Committee (SSC) meetings with the stakeholders. The Reasons for slow progress pertaining to different parks are as given below:

- (a) **Assam Plastic Park:** The progress of Assam Plastic park has been stagnant due to lack of interest from the local entrepreneurs and despite repeated attempts due to perceptions/apprehensions in the minds of investors about law and order. The SPV in the 18th SSC meeting has informed that it is now receiving response from entrepreneurs.
- (b) **Odisha and Madhya Pradesh Plastic Parks:** Poor interest from industry users and non-allotment of plots.
- (c) **Tamil Nadu Plastic Park:** The implementation has been delayed due to environmental clearance-related issues as the earlier land area was coming under Coastal Regulation Zone (CRZ), owing to which the location had to be changed by the state Govt. and now the park will be established at a new location."

4.5 In regard to remedial steps taken, the Department in its written reply stated as below:-

- a) As per Scheme guidelines, a Scheme Steering Committee has been constituted under the chairmanship of Secretary (C&PC) which meets at regular intervals and monitors the progress made by the Plastic Parks. The Scheme Steering Committee has so far held 18 meetings since 2012, the last one being held on 30.07.2019.
- b) As per Memorandum signed, the Programme Manager has been appointed to monitor the Scheme progress under phase-I and furnish regular reports to the Department. The Programme Manager on directions of the Department undertakes site visits to the plastic parks (in phase-I) to verify the progress made by the SPVs and the same to the Department.
- c) The Department also monitors the progress of these plastic parks regularly based on progress reports received from SPV of respective plastic parks. These reports are then analysed and appropriate directions are being given to SPVs time to time.
- d) Another committee, the Scheme Review Committee (SRC) has been constituted, specifically with an aim to resolve issues related to slow progress of the Scheme like formation of a structured SPV for the project, status of land provided by the State and reasons for poor response of entrepreneurs etc. being faced by the State Governments in implementing the projects approved by DCPC. The Scheme Review Committee has recommended certain changes/modifications in the existing guidelines, which will be considered after third part evaluation of the Scheme is completed.

4.6 When asked about the interest shown by the private investors/ industries in Plastic Parks, Secretary, Department of Chemicals and Petrochemicals during oral evidence of the representatives of the Department stated as follows:-

"We are able to provide the infrastructure. But the cost of acquisition and the cost of development is pretty high because of which the private industrial units are not coming in a big way to purchase the plots and establish their units. The major drawback of the scheme is that the cost is going to be very high. We are working with the State Governments but a SPV has to be created and the SPV has to run the whole thing. They are also finding it difficult as to how to content the cost of acquisition of land, cost of development, plot allocation cost etc. to the industrial units because of which, even though, we are able to release large amounts and infrastructure is getting developed, the number of units to buy the plots is not up to the mark. It is quite unsatisfactory. So, we are trying to work with the industries and the State Governments as to how to overcome the problem so that these really become the hubs of development for plastic industry."

4.7 When the Committee further asked, whether some kind of incentives are likely to be offered for setting up units in these parks, the Secretary replied as under:-

"Madam, we are saying that whatever amount is being released from the Government of India, you lower the total project cost to that extent and then allocate the prices. Now, Odisha Government has agreed to that. Similarly, we are requesting to Madhya Pradesh Government also. The amounts that the Government of India is releasing is a grant. Please do not add it to the plot cost. We are requesting them. But the State Governments will have to take the final call. They are in discussion with us. Whatever amount that we are releasing, it should not be wasted in that sense that only infrastructure has been created but no industrial unit has come. Unfortunately, in a number of places, this is a problem for us. So, we are trying to work with them along with the industrial associations. Madam, initially, Haryana, Chhattisgarh, West Bengal and Uttarakhand showed some interests, but they are not coming forward now because of these issues that are cropping up."

4.8 The Committee also enquired, whether there is any proposal to reduce the price of the plots, the secretary of the Department replied as follows:-

"This is exactly what we have been impressing on the State Government. This has been done by the State Government SPV. We have been impressing on the State Government to reduce the cost of allotment of plots to a reasonable extent so that there are takers for the plots. They are working out various models and to some extent they said they would be able to reduce the cost but so far, the progress has not been very significant".

**(B) PETROLEUM, CHEMICALS AND PETROCHEMICALS INVESTMENT REGIONS (PCPIRS)**

4.9 Government of India formulated Petroleum, chemicals and Petrochemicals Investment Regions (PCPIRs) Policy in 2007 to give boost to this sector. PCPIRs were conceptualized in a cluster approach to promote Petroleum, chemicals and Petrochemicals sectors in an integrated and environment friendly manner on a large scale.

4.10 Four Petroleum, Chemical and Petrochemical Investment Regions (PCPIRs) are being implemented in the States of Andhra Pradesh (Vishakhapatnam), Gujarat (Dahej), Odisha (Paradeep) and Tamil Nadu (Cuddalore and Nagapattinam) to promote investment and industrial development in these sectors.

4.11 Each PCPIR is a specifically delineated investment region having an area of about 250 sq. km (with around 40% of the area earmarked for processing activities). It is not mandatory for the State Government concerned to acquire the entire area comprising the PCPIR, but they have to notify the area under the relevant area planning and zoning law.

4.12 The State Governments concerned carry out Environmental Impact Assessment (EIA) and lead the project implementation. Government of India ensures the availability of external physical infrastructure linkages to the PCPIR including connectivity through Railways, Roads, Ports, Airports and Telecom etc. through Public Private Partnership projects to the extent possible. The Central Government also provides necessary funding to make such projects viable, in the form of Viability Gap Funding (VGF), as well as budget support for creation of these linkages wherever required.

4.13 The policy provides that each PCPIR would have a refinery / petrochemical feedstock company as an Anchor Tenant.

4.14 Once fully established, these four PCPIRs are expected to attract investment of around Rs. 7.63 lakh crore. As per data available from State Governments, investments worth Rs. 1.90 lakh crore approximately have been made / committed in these regions. The four PCPIRs are expected to generate employment for around 33.83 lakh persons. Around 3.30 lakh persons have been employed in direct and indirect activities related to PCPIRs.

4.15 As per the information provided in Annual Report 2018-19 of the Department of Chemicals and Petrochemicals the status of implementation and execution of four PCPIRS is as follows:-

Indicator	Gujarat	Andhra Pradesh	Odisha	Tamil Nadu
Location/ Region	Dahej, Bharuch	Vishakhapatnam – Kakinada	Paradeep	Cuddalore- Nagapattinam
Date of Approval	Feb, 2009	Feb, 2009	Dec, 2010	July,2012
Date of MoA	07.01.2010	01.10.2009	03.11.2011	20.02.2014
Total Area (Sq. kms.)	453.00	640.00	284.15	256.83
Processing Area (Sq.kms.)	248.00	270.00	123.00	104.00
Anchor Tenant	ONGC Petro Additions Limited (OPaL)	Yettobefinalized	Indian Oil Corporation Ltd. (IOCL)	Proposed Anchor Tenant was Nagarjuna Oil Corporation Limited against which liquidation process has been ordered by NCLT. State Government of Tamil Nadu is in the process of identifying another anchor unit.
Refinery / Cracker capacity in MMTPA	Cracker: Ethylene: 1.1 Propylene: 0.6	Yettobefinalized	15 (Greenfield refinery).	
Anchor Project Status	Commissioned	Yettobefinalized	Commissioned in February, 2016.	
Amount of approved infra. Projects (Rs. crore)*	NA	18,731.00	13,634.00	
Golshareinform of VGF(Rs. crore)	80.50	1206.80	716.00	1143.00 budgetary support1500)
Total proposed investments	50,000.00	3,43,000.00	2,77,734.00	92,500.00
Investments made (Rs. Crore)	90,732.00	46,729.38- Committed & 13845.04 – Actual made so far	45,000.00	8,100.00
Projected employment (No.)*	8,00,000	11,98,000	6,48,000(Revised)	7,37,200
Employment generated (No.)	1,60,000	1,18,675	38,260	13,950
status of Master Plan notification	Development Plan sanctioned.	Field Studies, village level consultations completed. Once the Anchor unit finalizes location, configuration and capacity of the Cracker Complex etc., Master Plan will be finalized.	Preparation of MasterPlanisin process.	Will be taken up after formation of PCPIR Management Board.
Status of EIA	Environmental Clearance & Coastal Region Zone (CRZ) clearance received.	Environmental Clearances, EIA Studies, Collection of Baseline Data etc. completed. Once the Master Plan finalized based on location, configuration and capacity of the Cracker Complex the public hearing will be conducted and will be processed for Environmental Clearance.	EIA Study is in process.	Will be taken up after formation of PCPIR Management Board.

\* At the approval stage of the projects.

4.16 As per the information provided above, Anchor Tenants have been appointed for Gujarat and Odisha regions and Anchor Tenants are yet to be identified for Andhra Pradesh and Tamil Nadu regions. In regard to appointment of Anchor Tenants for these two regions, the Department stated following written reply:-

“Hindustan Petroleum Corporation Limited (HPCL) and Gas Authority of India (GAIL) have conducted pre-feasibility study in respect of Andhra Pradesh PCPIR. Discussions are going on between Government of Andhra Pradesh and M/s HPCL & GAIL on Viability Gap Funding and other support / incentives. A review meeting of the Steering Committee to review implementation of Petroleum, Chemicals and Petrochemical Investment Regions (PCPIRs) has been held under the Chairmanship of Secretary, Department of Chemicals & Petrochemicals on 26.08.2019 wherein, inter-alia, status of anchor units were discussed in respect of Andhra Pradesh and Tamil Nadu at Shastri Bhawan New Delhi. The State Governments have been requested to finalize the anchor tenants and take necessary steps for their establishment.”

4.17 Further, the Committee asked about the time schedule for commissioning PCPIRs in Andhra Pradesh and Tamil Nadu. The Department in its written reply furnished the following information:-

Under the PCPIR policy, PCPIR proposal of Andhra Pradesh was approved in February, 2009. The Memorandum of Agreement (MoA) was signed with the Government of Andhra Pradesh in October, 2009 and Tamil Nadu PCPIR was approved by CCEA in July 2012 and a Memorandum of Agreement (MoA) has been signed between Government of India and the Government of Tamil Nadu State on 20<sup>th</sup> February, 2014.

The PCPIRs also cover various Special Economic Zones (SEZs) which are contributing to the export basket of the country. Creation of infrastructure like roads, railways, airports, ports, water supply, power and effluent treatment etc. is a continuous process in the PCPIRs with a long gestation period.

Andhra Pradesh PCPIR covers 06 existing SEZs. The committed investment in Andhra Pradesh PCPIR is around Rs. 46729.38 crore. Investment of Rs. 1919.13 crore appx. have been made on infrastructure development i.e. Road, Railways, Airports, Sea Ports, Gas Grid Connectivity, Water Availability, Power Availability, Telecom etc.. These projects are under different stages of implementation.

The potential investment in Industries in TNPICPIR including the investment for Anchor unit is estimated about Rs. 92,500 crore. Investment of Rs. 8,100 crore have been made on infrastructure development i.e. Road, Railways, Airports, Sea Ports, Gas Grid Connectivity, Water Availability, Power Availability, Telecom etc.

In Andhra Pradesh PCPIR employment to around 11.98 lakh persons is estimated to be provided through direct and indirect activities. So far now, the actual employment generated stands at approximately 1,18,675 persons. In Tamil Nadu PCPIR, employment to around 7.37 lakh persons is estimated to be provided through direct and indirect activities. Total direct and indirect employment has been generated for 13,950 persons so far.

4.18 During oral evidence of the representatives of the Department, when the Committee asked about the role of the Central Government in creation of these PCPIRs, the following reply was given by a representative of the Department:-

“Actually, Sir, PCPIR was notified in 2007. The main role of the Government of India was perceived as basically connecting that entire region with external world for basically procuring the raw material as well as marketing their products. So, basically external linkage is in terms of rail and road linkages. That was the main purpose. The internal infrastructure, whatever was required as per the master plan, that was to be developed by the State Government. That was the policy at that time. Now, what has happened is the States are basically looking to the Government of India again even for the internal infrastructure. But, before that, these are very big investment regions. It requires lot of intensive planning, simultaneous planning and really putting all the investors together. Like, there is a chicken and egg situation today. If I develop some kind of utilities, let us say steam, will there be taker? The steam will be used by some other manufacturing facility. That is not there yet. What is required is steam facility, then all other diesel plants, and then the plants. All should be put together and planned simultaneously so that all the investments come up at the same time and it grows. That kind of planning requires full-time people and experts to work on those. Unfortunately, the State Governments have not really put the full-time experts.”

4.19 When the Committee further enquired about the reason for slow progress of PCPIRs particularly Tamil Nadu PCPIR, the representative of the Department further stated as under:-

Sir, in the PCPIR model, it is basically based on some anchor tenant like refinery or cracker which is supposed to supply feedstock to the downstream industries and also plan the infrastructure required for the development. Whatever infrastructure is identified to be taken up, that planning has to be done by the State Government.

**Chapter V**  
**PSUs Under the Department**

**A. Hindustan Organic Chemicals Limited (HOCL)**

5.1 Hindustan Organic Chemicals Limited (HOCL) was incorporated on 12<sup>th</sup> December, 1960 as a Government company with the objective of setting up manufacturing capacities for chemicals / intermediates required for production of dyes, dyes – intermediates, rubber chemicals, pesticides, drugs and pharmaceuticals, laminates, etc. The company has two manufacturing units located at Rasayani (Maharashtra) and Kochi (Kerala). The Rasayani unit (Chemical Complex) started production from 1970-71 and the Kochi Unit (Phenol Complex) commenced production from 1987-88. The company was manufacturing Phenol, Acetone and Hydrogen Peroxide at Kochi unit and concentrated nitric Acid (CNA) and Di-Nitrogen tetroxide (N<sub>2</sub>O<sub>4</sub>) at Rasayani unit.

5.2 Following globalization and liberalization of the Indian economy in the early 1990's resulting in competition from international players, HOCL incurred losses for the first time in 1997-98. Due to continued losses leading to negative net worth by 2003-04, the company was referred to Board for Industrial and Financial Reconstruction (BIFR) in February, 2005. Based on the recommendations of Board for Reconstruction of Public Sector Enterprises (BRPSE), Govt. approved a revival package for the company on 9th March, 2006 providing (i) cash infusion of Rs.270 crore by way of preference share capital (redeemable) for repayment of high interest bonds, bank loans and implementation of VRS and (ii) continuation of Govt. of India guarantee of Rs.100 crore for full term of 10 years to be utilized to liquidate high cost debt. After implementation of the package, the company made nominal profits during 2006-07 and 2007-08 and came out of BIFR, However, the company again suffered losses in 2008-09 and 2009-10 mainly due to recessionary trend in the market as an effect of global meltdown. Though it earned profit during 2010-11, the situation worsened thereafter with losses during 2011-12 and 2012-13 mainly due to withdrawal of anti-dumping duties on its main products phenol and acetone.

**FINANCIAL PERFORMANCE**

5.3 Financial performance of HOCL in terms of turnover and net profit / loss (in crore) for the last 5 years and net worth as on 31.3.2019 are given below:

Year	Turnover(Gross)	Net Profit/(Loss)
2013-14	236.80	(176.85)
2014-15	167.19	(215.49)
2015-16	120.79	(173.91)
2016-17	158.21	(255.57)
2017-18	242.33	(199.47)
2018-19	471.99	73.01
Net-Worth as per the Companies Act as on 31.03.2019: (-) 958.72 crore		

5.4 During 2018-19, the company earned total revenue of Rs 589.92 crore (including other non-operational income of Rs. 117.93 crore from disposal of assets of Rasayani unit, reversal of excess provisions etc.) and made net profit of Rs. 73.01 crore, as per the audited results. With a view to address the persistent financial problems of the company, a restructuring plan for HOCL has been undertaken by the Government.

#### **Budget Allocation**

5.5. No budgetary allocation was made for HOCL during the last two years.

(Rs. In crore)

<b>Account</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Capital/Revenue</b>	<b>Actual</b>	<b>BE</b>	<b>BE</b>
	<b>384.75</b>	<b>0.00</b>	<b>0.00</b>

5.6 In the Preliminary Material on Demands for Grants, 2019-20, the Department of Chemicals and Petrochemicals stated that in view of continuous losses suffered by HOCL since 2011-12, The Government of India on 17.05.2017 approved a restructuring plan for HOCL which includes closing down operations of all the non-viable plants at Rasayani unit of HOCL, except Di-Nitrogen Tetraoxide (N<sub>2</sub>O<sub>4</sub>) 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. The N<sub>2</sub>O<sub>4</sub> plant is of strategic importance as it is the only indigenous source of N<sub>2</sub>O<sub>4</sub> which is used as liquid rocket propellant by ISRO in the space launch vehicles. 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 unencumbered land and other assets at Rasayani is complete. 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. 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 250 crore. The bridge loan amount, along with other Govt. liabilities of the company, is to be repaid to the Govt. from the disposal of remaining unencumbered land and other assets of Rasayani unit.

5.7 Necessary action is being taken by the Department/HOCL to implement the restructuring plan and its present status is summarized below:

- All plants of Rasayani unit, except N<sub>2</sub>O<sub>4</sub> plant, have been closed down. Closure of the unit under the provisions of Industrial Disputes Act, 1947 has also been approved by the M/o Labour & Employment.
- N<sub>2</sub>O<sub>4</sub> plant has been transferred to ISRO along with 20 acres land and 131 employees associated with plant.
- Out of 442 acres land at Rasayani to be sold to BPCL, 290 acres have been sold. Process for sale of balance land is underway.
- Sale of 85 acres out of the additional 242 acres (+/- 10%) land approved for sale to BPCL has also been completed.
- Lease transfer of 1000 sqm land at Kharghar, Navi Mumbai, to NALCO has been completed.
- BPCL has submitted EoI for the remaining 250+ acres unencumbered land at Rasayani. Final offer is awaited.
- Panvel land (8 acres) was put up for e-auction on 24.4.2019 but no bid/offer was received. Further course of action is under consideration of HOCL.
- All the 10 flats at Mumbai, closed down plants and utility blocks have been successfully e-auctioned through MSTC.
- All the employees have been separated through VRS/VSS except skeletal staff (7) for HOCL's corporate office and some VRS optees temporarily retained for implementing the restructuring plan. 23 employees who did not opt for VRS were transferred to the Kochi unit.
- Bridge loan of Rs.360.26 released by the Govt. in Aug.-Sept. 2017 has been utilized by HOCL to redeem the two Govt. guaranteed bonds totaling Rs.250 crore and for part payment of priority statutory dues.

5.8 Department further informed the Committee that after implementation of the restructuring plan, the Phenol/Acetone plant at Kochi unit resumed regular operations from July, 2017. This has enabled HOCL to achieve net turnover of Rs. 472 crore and net profit of about Rs.22 crore from Kochi unit operations during the FY 2018-19. During oral evidence of the representatives of the Department on Demands for Grants, the Committee asked the reasons for HOCL incurring loss this year when compared to the previous year. A representative of the Ministry replied as under in this regard:-

"Sir, as you have rightly pointed out, last year, HOCL did a turnover of around Rs.472 crore and registered profit of around Rs.50 crore. The Kochi Unit itself registered a profit of around Rs.22 crore in the last financial year. We are manufacturing phenol and acetone. We have achieved a capacity utilization of about 80 per cent in the last financial year. The average phenol price in the last financial year was around Rs.1 lakh per metric ton. And this year, for the first six months, the average price was around Rs.70,000 per metric ton. From April onwards, there have been a lot of imports which are coming up and which resulted in basically making an impact on the domestic industries. There are three domestic industries in India at the present moment, namely, HOCL, SI Group in Navi Mumbai, and recently commissioned Deepak Phenolics, which has a capacity of 2 lakh tonnes per annum. So, all the three industries have got affected because of the imports which are coming up from there."

5.9 When the Committee asked whether there is any restriction on the imports, the representatives of the Department further stated during evidence as follows:-

"There has been an anti-dumping duty on a few countries. Country wise anti-dumping duty is there. But even after the anti-dumping duties are there, the material is coming up from some of the countries like, USA and Thailand, wherein no anti-dumping duty is there. And with the trade war between US and China, China has imposed almost 130 per cent duty on the USA's phenol which is coming into China. So, they will have to find the alternatives. All these materials are coming into India and are being dumped into India. So, we have recently taken up to impose the safeguard duty in order to protect the domestic industries. We have made a representation. Our Ministry is also taking up with the Commerce Ministry to impose safeguard duty on phenol and protect the domestic industries."

## **B. HINDUSTAN FLUOROCARBONS LTD. (HFL)**

**Rs in crore**

<b>Account</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Capital/Revenue</b>	<b>BE</b>	<b>BE</b>	<b>BE</b>
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

*(P. 7-8 Detailed demands for Grants 2019-20)*

5.10 Hindustan Fluorocarbons Ltd. (HFL), a subsidiary company of Hindustan Organic Chemicals Ltd. (HOCL), was incorporated on 14.07.1983. It is located at Rudraram, District Sangareddy, Telangana. The company started production in the year 1987 and is engaged in the manufacture of Poly Tetra Fluoro Ethylene (PTFE) and of Chloro Di Fluoro Methane (CFM-22). PTFE is extensively used in chemical, mechanical, electrical and electronic industries and has strategic applications in defence and aerospace sectors. CFM-22 is used as a refrigerant gas and also as feed stock for production of PTFE. Authorised and paid up share capital of HFL is Rs.21 crore and Rs.19.61 crore respectively. HOCL (Promoter Company) holds 56.40% of the equity share capital and

balance is held by the public (39.11%) and Andhra Pradesh Industrial Development Corporation (4.43%). HFL is listed on the Bombay Stock Exchange (BSE).

5.11 HFL started making losses from its inception in 1987-88 resulting in erosion of its net worth and reference to erstwhile BIFR in 1994. A rehabilitation package for HFL under the operating agency M/s IDBI was approved by BIFR on 03.12.2007. Total cost of rehabilitation package was Rs.19.28 crore which did not involve infusion of any Govt. funds. Following implementation of the rehabilitation package, HFL made marginal profits from 2007-08 to 2012-13. However, the company did not come out of BIFR as its net worth remained negative. HFL again suffered loss of Rs.24.82 crore in 2013-14 mainly on account of provisioning for wage revision arrears of 1997 and 2007 and reduction in sales realization. Thereafter, the company has continued to suffer losses during 2014-15 to 2017-18 mainly on account of reduction in sales realisation. Net worth of the company is also negative.

## FINANCIAL PERFORMANCE

5.12 Financial performance of HFL in terms of turnover and net profit/loss for the last 5 years and net worth as on 31.3.2019 are given below:-

<b>Year</b>	<b>Turnover</b>	<b>Net Profit/ (Loss)</b>
2013-14	31.34	(24.82)
2014-15	32.75	(3.77)
2015-16	39.63	(11.11)
2016-17	38.06	(6.33)*
2017-18	43.08	(4.82)*
2018-19	45.86	(4.78)*
Net worth (as per Ind AS which includes revaluation of land and other assets) as on 31.3.2019: (-) Rs. 36.72 crore		

\*As per new accounting standard 'Ind AS'

5.13 A revival / restructuring plan for HFL to addresses the major factors affecting the performance of the company viz. high manpower cost (employees strength is approx. 150 as against the requirement of 110), uneconomical plant capacity & old technology and high interest cost due to outstanding loans payable to HOCL and Govt. of India, was prepared by the Department in April, 2016. However, in view of subsequent developments relating to recommendations of the NITI Aayog on sick / loss making CPSEs, which inter alia included strategic disinvestment of HFL, the above restructuring plan was not further processed. Subsequently, the Government of India on 27.10.2016 accorded, in principle" approval for strategic disinvestment of HFL with the parent Company of Hindustan Fluorocarbon Ltd. (i.e. HOCL) to exit the firm completely. Advertisements for inviting EoI for strategic disinvestment of HFL were published in

newspapers in April, 2018. Last date for submission of Eols was initially 14.06.2018 which was further extended to 28.06.2018 and again to 12.07.2018. In view of only one bid/Eol received by the extended last date, it has been decided to terminate the strategic disinvestment process of HFL. Thereafter, it was decided to put up the surplus vacant land (approx.66 acres) of HFL at its plant site for e-auction through MSTC and utilize the sale proceeds for giving VRS to the employees. However, no offer/bid was received in the e-auction held on 23.04.2019. Further course of action for disposing the land is under consideration.

5.14 After, the Committee were informed that the Secretary (C&PC) on 06.06.2019 had also written to the Chief Secretary, Telangana, for expediting the NOC. MD, HFL, had also met the Chief Secretary, Telangana, on 26.06.2019 on the NOC issue and the matter is being closely followed up with the state authorities concerned.

5.15 The Department further informed the Committee that HFL manufactures CFM-22/Hydro Chlorofluoro Carbon (HCFC-22) and also uses the same for conversion to PTFE. Due to un-economic plant capacity and old technology, conversion of HCFC-22 to PTFE is not financially viable and the company is constrained to sell higher quantity of HCFC-22 directly as refrigerant gas. Under the provisions of Montreal Protocol, HFL's HCFC-22 non-feedstock production quota is only about 392 MT per calendar year which has been enhanced to 1100 MT during the last 2 years and current year by the Ministry of Environment and forest and Climate Change (MoEFCC) based on the exemption request of the Department. The CFM-22 quota is to be reduced further by 25% from next calendar year 2020 and Secretary, MoEFCC, has informed that MoEFCC is not likely to agree to any further exemptions for HFL. With the reduced HCFC-22 quota of only about 285 MT in 2020, it would not be possible for HFL to sustain its operations in 2020 and beyond, and it would be forced to shut down its plant. In view of the above, particularly the non-viability of HFL's operations from the year 2020 onwards due to envisaged reduction in HCFC-22 quota allocation by MoEFCC, the Chairman, HFL, has been requested on 15.07.2019 to submit a detailed and realistic roadmap/options for going forward of HFL, duly approved by the Board of HFL, within one month to enable the Department to examine the further course of action for the company.

5.16 During oral evidence of the representatives of the Department on Demands for Grants, 2019-20, the committee enquired about the reasons for losses of HFL and the steps to be taken to save the PSU. The Secretary of the Department in his reply stated as follows:-

“Yes, Sir. There was a reason for it. The reason is that they are only able to sell the refrigerant gas and they are not able to sell the PTFE. So, if they make the refrigerant gas only as per the Montreal Protocol, then the refrigerant gas has to be phased out. The maximum permission that they are giving is only up to this year, and it will be reduced very significantly next year. They have been given permission for only about 220 MTs, which is not sufficient to sustain the plant. So, as per the Montreal Protocol we have to steeply cut down the refrigerant gas from 2020 onwards because it is harming the environment. So, PTFE is not financially viable. That is why this is continuously going into losses. After March, 2020, this has to be closed down because they cannot produce refrigerant gas as per the Montreal Protocol. They tried all possible combinations.”

Further clarification made by another representative of the Ministry during oral evidence is given below”-

“The existing capacity of PTFA manufacturing of Hindustan fluorocarbons is around 500 MT per annum. We shall manufacture and sell about 1100 of CGF 22 whereas in the private sector it is more than 25,000 MT which is being manufactured and sold in the market. Sir, because of the Montreal Protocol the quota which has been allotted to HFL has been only 220 tonnes which would contribute to one quarter of the production and the quarter starts from January. From January to March only, HFL will be able to operate. As we cannot convert this into other specialty chemicals, for which technology is not available with HFL and the investment cost are also high. There are private players with huge capacities in the market who are the competitors. In addition to that, there are imports which are coming up from abroad like China also, which is creating pressure on the industry. That is why, a decision has been taken to close down this particular unit and to settle the outstanding dues of the employees. Company has the outstanding dues of about Rs.120 crore plus.”

5.17 When the Committee asked whether budgetary allocation is needed by the Department to deal with HFL, the Secretary of the Department replied as follows:-

“Yes, Madam. We would definitely need money to the tune of about Rs.77 crore or so from the government because we have to give VRS and VSS to the employees who are working there. And then also settle some of the bank dues. Rest of the other dues like HOCL dues and other Government dues, we have to deal with those dues as and when the land is sold. So, those dues have to be cleared. So, we would be requesting the Government for giving us some support at the time of RE so that we offer VRS to the employees.”

### **C. HIL (INDIA) Ltd.**

5.18 HIL (India) Ltd., formerly known as Hindustan Insecticides Limited (HIL), was incorporated in 1954 in New Delhi for manufacturing and supply of DDT (Dichloro Diphenyl Trichloroethane) for Malaria Eradication Programme of Government of India. In the year 1957, the company set up a factory at Udyogmandal, Kerala, for manufacturing of DDT. HIL set up another factory in 1977 at Rasayani, Maharashtra, for manufacturing DDT and Malathion, an insecticide. The third manufacturing unit of the company for product formulation was set up at Bathinda, Punjab, in 2003 by shifting its erstwhile Delhi

factory. Rasayani and Udyogmandal Plants have both DDT and agrochemical manufacturing facilities while Bathinda has only formulations manufacturing and packaging facility. The company has 7 Regional Sales Offices across India and a wide network of dealers for marketing and distribution of its products.

5.19 The company acquired the new name of HIL (India) Ltd. with effect from 20.03.2018 as the old name viz. Hindustan Insecticides Ltd., was not reflecting the entire gamut of diversified business operations of the company. At the same time, the new name retains the association with its established brand name of HIL. The authorized and paid up share capital of HIL is Rs.100 crore and Rs.91.33 crore respectively. 100% of its shares are held by the Govt. of India.

5.20 HIL is the sole supplier of DDT to the National Vector Borne Disease Control Programme (NVBDCP) of the Ministry of Health and Family Welfare, Government of India. The company diversified into agrochemicals in the late 1970s to ensure supply of quality pesticides at reasonable prices to the agricultural sector. Today it has a range of technical and formulation grade pesticides to meet the varied requirements of the farming community.

5.21 To further consolidate its position, HIL in 2012-13 ventured into seed production and marketing business. The company has been recognized as a nodal agency by the Ministry of Agriculture and Farmers Welfare for production and marketing of certified seeds for crops and vegetables. The company actively participated in seed production and supply of seed mini kits high yielding varieties under National Food Security Mission (NFSM), National Mission on Oil Seeds and Oil Palms (NMOOP) and Mission on Integrated Development of Horticulture (MIDH) as National Level Seed Agency. It supplied 2.29 lakh seed mini kits during 2017-18 against 1.45 lakh mini kits in 2016-17. Turnover from seed business during the financial year 2017-18 was Rs.51 crore.

5.22 In order to strengthen the seed infrastructure, HIL is constructing seed godowns and setting up seed processing plant at Bhatinda unit which will be additional income avenue for the company. It has also set up a seed testing laboratory at its R&D complex, Gurugram, with financial assistance from the M/o Agriculture & Farmers Welfare, to exercise internal quality control on seeds production. In 2015-16, with a vision to become one stop shop for all the agricultural inputs needs of farmers, HIL further diversified into fertilizers trading business. It has been inducted by the Department of Fertilizers as an agency to import fertilizers under Nutrient Based Subsidy Scheme. The company achieved a turnover of Rs.94.34 crore from supply of fertilizers during 2017-18. HIL has also started trading of bio-pesticides and bio-fertilizers.

## Financial Performance

5.23 After implementation of revival package sanctioned in 2006-07, HIL has been continuously posting profits. Financial performance in terms of turnover and net profit / loss for the last 5 years and net worth as on 31.3.2019 is given below:-

(Rs. in Crore)

Year	Turnover	Net Profit/(Loss)
2013-14	330.35	1.84
2014-15	339.90	1.60
2015-16	334.75	1.83
2016-17	369.51	3.26
2017-18	432.66	3.41
2018-19 (Provisional)	436.00	3.75
	Net worth as on 31.3.2019: Rs.102.50 Crore	

## BUDGET ALLOCATION

(Rs in crore)

Account	2017-18	2018-19	2019-20
Capital/Revenue	BE	BE	BE
	0.00	0.00	0.00

5.24 When asked about non allocation of funds during last two years, Department in its written reply has stated as under:-

“Plan loan of Rs.15.00 crore was provided by the Govt. to HIL in 2014-15 and the same has been utilized by the company for setting up Pendimethalin plant at its Udyogmandal unit (Rs.11.00 crore) and for plant / machinery refurbishment schemes (Rs.4.00 crore). The Pendimethalin plant has started commercial production from May, 2018.” For 2015-16, the Plan loan provision of Rs.10 crore for setting up multi-product facility at Rasayani Unit proposed by HIL could not be released as approval of M/o Finance was not received by the end of FY 2015-16. With regard to this proposal, M/o Finance requested the Department to re-examine the same in terms of M/o Finance’s OM dated 3.2.2016 which instructs that the window of investment and working capital loan to CPSUs from Govt. of India, in general, is closed. Accordingly, the viability of Multi-product facility project was re-examined by HIL and the company decided to drop the project due to its sensitivity to raw material price (mainly imported from China). As no other project/scheme was proposed by HIL, and in view of Finance Ministry's orders for closure of investment and working capital loans to PSUs, no funds were allocated for HIL during the last two years and the current year 2019-20”.

5.25 Department further informed the Committee that it has approved in January 2019 HIL's proposal for mortgage of the company's Zakhira land to nationalized/public sector banks as collateral security for raising/borrowing funds from the banks to meet the operational and business requirements of HIL. Also, HIL is setting up a Long Lasting Insecticidal Net (LLIN) manufacturing facility at its Rasayani unit with financial assistance from UNIDO under the latter's project of "Development and Promotion of Non-POP alternative to DDT".

5.26 During Oral Evidence of the representatives of Department of Chemicals and Petrochemicals, the secretary of the Department informed the committee that HIL (India) Limited suffers from working capital shortage mainly due to delay in DDT related payments by National Vector Borne Disease Control Programme (NVBDCP) and that efforts were being made to monetize the surplus land assets of the company, which would enable improvement in working capital position.

## **CHAPTER VI**

### **AUTONOMOUS INSTITUTES UNDER THE DEPARTMENT**

#### **(i) CENTRAL INSTITUTE OF PLASTICS ENGINEERING TECHNOLOGY (CIPET)**

6.1 CIPET is a premier national institution under the administrative control of the Department of Chemicals and Petrochemicals fully devoted to Skill development. Technology Support, Academic & Research (STAR) activities for the growth of Polymer & allied industries in the country. CIPET has 36 functional centres spread across the country which includes 7 Institute of Plastics Technology Centres (IPT), 24 Centre for Skilling and Technical Support (CSTS) and 3 Schools for Advanced Research in Polymers (SARP). Apart from the above, 5 Centres of CIPET are in process of setting up at Medak (Telangana), Jammu & Kashmir, Bihar, Varanasi (Uttar Pradesh) and Mumbai (Maharashtra). CIPET Centres have state-of-the-art infrastructural facilities in the area of Design, CAD/CAM/CAE, Tooling & Mould manufacturing, Plastics Processing, Testing and Quality Control to cater to the needs of plastics and allied industries.

6.2 CIPET conducts 13 different long term training programs i.e. Diploma, Post Diploma, Post graduate diploma, undergraduate, post graduate and PH.D. programs, CIPET also conducts short term vocational skill development training programs in the entire gamut of Plastics Engineering and Technology in line with the skill India Mission of the government of India. Further CIPET is a Pioneer institute in promoting the plastic industries through Technology Support Services in all key areas viz. Design, CAD/CAM/CAE, Tooling, Plastics processing, Testing and Quality Assurance.

#### **Financial Performance of CIPET**

6.3 During the financial year 2018-19, CIPET has generated an income of Rs. 335.00 crore against the budgeted annual income of Rs. 307.23 crore. During the same period, CIPET has incurred a revenue expenditure of Rs. 260.83 crore against the budgeted annual revenue expenditure of Rs. 234.41 crore in 2017-18. During the last few years, CIPET's civil & technical infrastructure facilities have been strengthened which has culminated in ensuring consistent growth in all the domains of plastics engineering & technology viz., Academic, Technology and Research & Development. CIPET has been operating on self-sustainable mode since 2008-09 onwards.

## Budgetary Support

(Rs. in crore)

Account	2017-18	2018-19		2019-20
	Actual	BE	RE (Actual)	BE
Capital	68.08	83.64	72.00	80.00

6.4 When it was asked whether the allocation of Rs. 80 crore is sufficient to meet the demand/requirements of CIPET, the Department in a written reply had stated as under:-

"A huge gap exists between the projected requirements of funds based on approvals granted by SFC / EFC to CIPET's schemes and actual allocation of funds. The curtailment in the allocation of funds for CIPET's schemes has been taken up time and again via written communications to the Ministry of Finance and at supplementary grant stages. CIPET requested Rs.149.97 crore as B.E 2019-20 during the Demand for Grants 2019-20. However, allocation has been made for Rs.80.00 crore for BE 2019-20, out of which Rs. 26.00 crore has been released to CIPET on 26.04.2019. Based on utilization of earlier release request from CIPET for release of Rs.30.00 crore has been received and is likely to be released by September, 2019. The remaining amount of Rs.24.00crore will be released during this FY 2019-20. Further additional amount of Rs.30.00 crore has been requested by CIPET for the year 2019-20 which will be examined in consultation with the IFD."

6.5 It has been further stated by the Department that an amount of Rs. 80.00 crore has been allocated to CIPET at BE stage for 2019-20. CIPET has requested to provide additional fund of Rs.30.00 crore for activities as under:-

- (i) Creation of Residential hostels
- (ii) Enriching Technical Infrastructure facilities
- (iii) Establishment of IPT at Jaipur Rajasthan
- (iv) Establishment of CSTS at Dehradun (Uttarakhand)
- (v) Establishment of APDDRL, Bengaluru (Karnataka)
- (vi) Establishment of CSTS at Varanasi (Uttar Pradesh)

6.6 During oral evidence of the representatives of the Department of Chemicals and Petrochemicals, the Committee enquired about ban on single use plastic. The Director General of CIPET informed the Committee in this regards as follows:-

"Sir, as regards single-use plastics, this is basically as the definition says, the materials which are used only for single time. These are basically disposable items, polyethylene less than 50 microns, materials like straw. These are the materials which are used for single use. When we look at multi use, it can be seen in aerospace, medical, packaging, agriculture, automobiles. These are the materials which are not of single use. As regards plastic, the main materials are engineering plastics, composites, nanocomposites. These materials are extensively used across the globe and they are not being banned. Sir, the problem is the disposal systems, the waste management. Our Department has

made an expert Committee to submit a report to the hon. Minister. This will give a complete picture as to what are the single-use plastics which are not environment-friendly, and what are the ways to dispose them. So, the stress is now being given on recycling of plastics so that it can be used again. The plastics use in terms of new materials, composites, nanocomposites has to increase day by day and the consumption in our country is much less vis-à-vis other countries. There is enough scope in that. As regards the issues which are existing now, we have to extensively see new alternative materials of single-use plastics, that is, bioplastics, bio-degradable plastics, and compostable plastics. CIPET is working in big way in this, along with IITs. The Department is also promoting and new material is being developed."

6.7 When it was further asked by the Committee during oral evidence, whether the Department is providing any support to plastic industries which are trying to invest in bio degradable plastic bags, the Director General of CIPET informed the Committee as under:-

"Madam, this recommendation has come in the Expert Committee Report and that is going to be launched. We are talking to the Ministry of Environment and Forests and they will be doing it. Our Department and the Ministry of Environment and Forests are working together on this line."

6.8 The Department in its post evidence reply on a query asked by the committee about the research and development initiatives on new plastics furnished the following information:-

"CIPET, with funding support of the GOI, has established 3 R&D Centres each at Bhubaneswar, Chennai and Bengaluru, with a view to promote R & D in the niche areas of polymer science and technology. To cater to the requirements of various industries, the state-of-the-art R&D Centres of CIPET have been developing indigenous technologies including

- (a) Development of Eco friendly foams for thermoware applications and using ecomet as a blowing agent as an alternative to HCFC141b.
- (b) Development of cation-anion exchange resin system for the concep cone for NTPC Ltd.

Further, the Department under the New Scheme of Petrochemicals is implementing a Scheme for Setting up of Centers of Excellence in the field of petrochemicals with an aim to support Govt. institutions / organizations already engaged in research and development activities in the petrochemical sector and allied fields.

Under Phase-I of the Scheme 5 COEs have been successfully established and completed at NCL Pune, CIPET, Chennai, IIT, Delhi; CIPET, Bhubaneswar and IIT, Guwahati. A sum of Rs. 6.00 crore each has been released to them as grant- in- aid under the scheme.

In Phase-II of the Scheme, 3 new COEs have been accorded approval for establishment at 1) CIPET, Bhubaneswar, 2) IIT, Roorkee & 3) NCL, Pune with a total budget outlay of Rs. 15 crore. Till date a sum of Rs. 2.08 crore each to CIPET, Bhubaneswar and IIT,

Roorkee and Rs. 1.40 crore to NCL, Pune as first instalment has been released and the balance amount may be released by 31st March, 2020.”

**(ii) Institute of Pesticide Formulation technology (IPFT)**

6.9 Institute of Pesticide Formulation Technology (IPFT) located at Gurgaon, Haryana, is a registered Society under the Societies Registration Act - 1860 under the Department of Chemicals & Petrochemicals. IPFT is the only Institute of its kind devoted to the development of state-of-the-art user and environment friendly new generation pesticide formulation technologies for a safer, environment and also to develop methods for the detection and analysis of pesticides and their residues. The Institute has established a healthy rapport with the Indian agrochemical industries and has been able to successfully transfer technologies for safer, efficient and environment friendly formulations. IPFT is also helping the industries in data generation as per CIB/RC guidelines for bioefficacy, phytotoxicity and pesticide residue analysis for both agriculture and house hold formulations. IPFT undertakes both in-house and external funded R & D projects.

6.10 The following are the objectives of the Institute:-

- Development and production of the state-of-the-art user and environment friendly new generation pesticide formulation technology.
- Promotion of efficient application technologies suiting the existing requirements of the newer formulations.
- Information dissemination of safe manufacturing practices, quality assurances, raw material specification and sources.
- Analytical and consultancy services.
- Fostering the improvement in the qualification and usefulness of pesticide scientists working in the agrochemical area.
- Continuing education through specialized training for pesticide personnel.

**Budget Allocation**

(Rs. In Crore)

ACCOUNT	2017-18	2018-19		2019-20
	ACTUAL	BE	RE	BE
Capital/ Revenue	7.09	7.5	7.5	8.0

6.11 When it was asked Whether this level of budgetary allocation is sufficient to meet the objectives/goals for which the institute was established, the Department in its written reply stated as under:-

"The Budget Estimate allocated to IPFT in 2018-19, proposed Budget Estimate by IPFT and allocated Budget Estimate to IPFT for the year 2019-20 are as under:

(Rs.in crore)

Sl. No.	Head	BE-2018-19	BE-2019-20 (Proposed)	BE-2019-20 (Allocated)
1.	'Grants-in-Aid' Salary	3.50	3.50	3.50
2.	'Grants-in-Aid' General	2.25	3.14	1.50
3.	'Grants-in-Aid' CCA	1.75	5.00	3.00
	<b>Total</b>	<b>7.50</b>	<b>11.64</b>	<b>8.00</b>

In comparison to BE-2018-19, IPFT has been given Rs.1.25 crore more under Grant-in-Aid Creation of Capital Assets for procurement of equipment during the current financial year. It is further informed that the Institute has been generating its own revenue through projects and technical support to various Industries."

6.12 During oral evidence of the representatives of the Department of Chemicals and petrochemicals on Demand for Grants 2019-20, the Committee enquired about the health hazards of chemical pesticides and the steps that are being taken to introduce bio-pesticides in the country. The Secretary of the Department replied as under:-

"Sir, pesticides come under our purview. Before the introduction of any pesticide in the market, each and every pesticide is evaluated for its toxicological properties. Even on the animals, that toxicological properties are assessed and only when they satisfy the health criteria, then only they are registered by CIB&RC. Without CIB&RC registration, nobody can manufacture any pesticide. So, that point is taken care of there itself. Even after application on the crop or on any food grain or on any fruit crop, what is the maximum residual level should be there is also assessed. Regular samples are taken. A study of the ill-effects on the human health and also of the residual level will also be done. Then only, it is ensured that these are available in the market. But the only problem is that the application of the right dose and the right quantity is very important. For that, the education of the farmer through awareness generation is very important. It is because many a times, they apply overdose of the mixture or the formulation is not rightly done and also, there is also an institution under this Ministry which is working on development of neem formulation technologies which will require lesser dose. Dr. Jitender Kumar is also there. He can throw more light on this.

They are also working on bio pesticides like neem-based pesticides. The neem, as such, is not as very effective as other pesticides. But if you add some other naturally available adjunct with that, then it enhances its efficacy and it is also very less harmful because it is naturally available. So, they are working on that. They are working on many other formulations and technologies."

6.13 Further Clarification in this regard was made by another representative of the department as under:-

"Sir, research is going on in terms of as to how to reduce the application and the dose required for the particular application. That kind of research is being undertaken by the institute under our Ministry. They are also doing research as to how to go ahead in the field of the biopesticides so as to produce more and more biopesticide which will be equally effective against all the pests."

## CHAPTER – VII

### **BHOPAL GAS LEAK DISASTER (BGLD)**

7.1 On the intervening night of 2<sup>nd</sup> and 3<sup>rd</sup> December, 1984, “Methyl Iso Cynate” (MIC) a lethal gas stored in two tanks of the Union Carbide Pesticide Factory at Bhopal leaked in the atmosphere resulting in industrial mass disaster unparalleled in its magnitude and causing serious injuries to a large number of populations of Bhopal city, also resulting in immediate death toll of thousands of human lives. Various relief and rehabilitation measures initiated immediately after the disaster are still continuing.

#### **ADJUDICATION OF COMPENSATION CLAIMS**

7.2 Looking to the magnitude of human suffering that occurred due to BGLD, Hon’ble Supreme Court of India passed a settlement order dated 14<sup>th</sup> and 15<sup>th</sup> February, 1989 directing the Union Carbide Corporation to pay a sum of US \$ 470 million, which was deposited by the Company with the Registrar of the Supreme Court of India, in 1989. Government of India enacted an act known as the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985. The Act came into force on 20<sup>th</sup> February, 1985. It empowered the Union of India to take over the conduct of all litigations in regard to claims arising out of gas disaster and to award compensation to the victims and affected persons. Under this Act, the Government has framed a scheme known as the Bhopal Gas Leak Disaster (Registration and Processing of Claims) Scheme, 1985 for registration, processing, determination of compensation to each claim and appeals, if any, arising there from. Under this Act, the Office of the Welfare Commissioner, Bhopal Gas Victims, was set up by the Government of India for speedy adjudication and award/disbursement of compensation to the survivors and families of the victims of the gas leak disaster.

#### **Disbursement of Ex-gratia**

7.3 On the recommendations of the Group of Ministers (GoM) constituted on Bhopal Gas Leak Disaster, the Government took certain decisions to provide further relief and rehabilitation to the gas victims in the year 2010. One of the major decisions taken by the Government was to pay ex-gratia to the following categories of gas victims:

#### **Categories of Ex-gratia payments to Gas victims**

<b>Category</b>	<b>Scale of Ex-gratia</b>
Death	Rs.10 lakh (less amount already received)
Permanent disability	Rs.5 lakh (less amount already received)
Injury of utmost severity	Rs.5 lakh (less amount already received)
Cancer	Rs.2 lakh (less amount already received)
Total Renal Failure	Rs.2 lakh (less amount already received)
Temporary disability	Rs. 1 lakh (less amount already received)

7.4 An amount of Rs.874.28 crore has been approved by the Government for disbursement of ex-gratia amongst the above categories of victims. The Office of the Welfare Commissioner has commenced disbursement of ex-gratia to the Gas victims on 19<sup>th</sup> December, 2010. Till March, 2019, 60,712 cases have been decided and an amount of Rs.822.53 crore has been awarded. Additionally Rs.1,518 crore disbursed to 5,63,112 claimants as pro-rata compensation, till September, 2019. Further ex-gratia of Rs.830 crore Paid to 49,678 affected persons, till September, 2019.

7.5 During oral evidence of the representatives of the Department of Chemicals and Petrochemicals on Demands for Grants, 2019-20, the Secretary of the Department informed the Committee about role being played by the Department in payment of compensation to the gas victims as under;

“ Our Ministry is, basically, concerned with the payment of compensation ex gratia amount to the gas victims and also resettlement and rehabilitation of these gas victims. That is what we are implementing. That is going on as per the plan. It is a judicial process. It takes time in adjudication of all the claims. There are cases for review, appeal, etc. Those cases are going on. The compensation amount is given out of the amount which was paid by the Union Carbide Corporation under the direction of the hon. Supreme Court. In addition to that, the Government of India felt that it was inadequate, so the Government of India sanctioned additional amount in the form of ex gratia. That payment is going on”.

**Budget Allocation**

<b>2017-18</b>	<b>2018-19</b>		<b>2019-20</b>
Actual	BE	RE	
22.32	28.32	21.30	21.42

7.6 When the Committee asked about the reasons for reducing RE of 2018-19 to Rs.21.30, the Department in a written reply had stated:-

“During 2018-19, a sum of Rs.28.32 Crore was provided in the Budget Estimates 2018-19 including an amount of Rs.22.17 crore for disbursement of claims to the victims of Bhopal Gas Leak Disaster (1984). The claims are processed by judicial authorities and settled by following due process of law. Due to non-reporting of large number of claimants to the designated court to receive the ex-gratia payments, the amount was reduced to 21.30 crore against this head at RE stage”.

7.7 The Standing Committee on Chemicals & Fertilizers Committee in the 52<sup>nd</sup> Report (16<sup>th</sup> Lok Sabha) recommended as under:-

“while agreeing with the Action taken Reply of the Department, the Committee would like to further know whether all the disaster affected persons of Bhopal Gas Leak Tragedy have been rehabilitated fully and if not, details thereof. They also like to know about the likely timeline by which the toxic waste lying at UCIL complex would be disposed-off and remediation of the area is completed”.

7.8 In its action taken reply, the Department of Chemicals and Petrochemicals had stated the following:-

“Disbursement of compensation and ex-gratia to the gas victims is done by the Office of the Welfare Commissioner in accordance to the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985. And the responsibility related to the work of rehabilitation of the victims of Bhopal gas disaster and disposal of toxic waste lying at the UCIL site and remediation of that site lies with the State Government of Madhya Pradesh. This Department vide e-mail dated 21.12.2018 requested Government M.P. to furnish the status and the action taken on observation/recommendation of the Standing Committee. Also, A D.O. letter dated 5<sup>th</sup> February, 2019 has also been written by Secretary, Department of Chemicals & Petrochemicals to Chief Secretary, Govt. of M.P. The information from Government of M.P. is still awaited”.

## **OBSERVATIONS/RECOMMENDATIONS**

### **RECOMMENDATION NO. 1**

The Committee note that chemicals and Petrochemicals industry occupies a pivotal position in meeting basic needs of the people and in improving quality of life. This industry is the main stay of industrial and agricultural development of the country and provides building blocks for several downstream industries such as textiles, papers, paints, varnished, soaps, detergents etc. The Committee are happy to note that the country has exported chemicals and petrochemical products worth Rupees 8.44 lakh crore during the period from 2015-16 to 2018-19 but the Committee is constrained to note that the foreign exchange outgo from the country was Rupees 12.09 lakh core due to imports of these products during the same period. In this regard, the Committee are concerned to note that the gap between the indigenous production capacity and the demand for Chemical and Petrochemical products in the country is widening. Moreover, the existing capacity utilization in the country is going down due to cheap imports as the domestic industry is not able to complete with cheap imported products. In committee's view, immediate attention should be paid by the Government to boost domestic production of chemicals and Petrochemicals according to the growing requirements of the country and to initiate anti-dumping measures against cheap imports.

In this regard the Committee recommend the following:-

- (i) Immediate steps should be taken to install five crackers of 1.5 million capacities in various regions of the country before 2025 to cater to the growing demand for polymers, synthetic rubbers, manmade fibres, elastomers etc.
- (ii) Concrete steps should be taken for the commissioning of these mega projects which are either under implementation or under planning viz. HMEL, Bathinda, HPCL Rajasthan Refinery Limited and Ratnagiri Refinery and Petrochemicals Ltd.

- (iii) **Expeditious completion of projects which are under executed to increase domestic production of Naphtha viz revamp of Panipat Naphtha Cracker, PX\_PTA plant at Panipat and new PX-PT plant, Paradip.**
- (iv) **In view of the extremely high foreign exchange outgo in this sector, it is critical that the Department should put in place a concrete plan of action to boost domestic production. Department should immediately get a study done on the incentives being provided by countries like Thailand, Vietnam, China, Japan etc. for the new units in their countries Simultaneously, Department should set up high level Committee to examine and record steps to create an enabling environment so that new units can be established in this sector. The Committee is of a strong view that since the consumption in this sector is going to persistently increase in future, this may be accorded highest priority.**

## **RECOMMENDATION NO. 2**

**The Committee note that the Ministry of Finance was able to allocate only Rs. 263.65 crore at BE stage for 2019-20 to the Department of Chemicals' and Petrochemicals against the requirement of Rs. 510 crore by the Department. In this regard it is noted that the fund requirements for central sector schemes of the Department, Assam Gas Cracker Project (AGCP) Autonomous organizations under the Department viz Central Institute of Plastic Engineering Technology (CIPET) and Institute of Pesticides Formulation Technology have reduced at Budget estimate (BE) stage by Ministry of Finance. The Committee are concerned to note the submission of the Department that pace of developmental activities for Brahmaputra crackers polymer limited (BCPL) which is implementing AGCP and CIPET are likely to be affected to that extent due to curtailed budgetary allocation. The Committee also note that the Ministry of Finance allocated funds at BE stage to the Department based on the expenditure trend in the last few years and according to the Medium Term Expenditure Frame work. Additional requirement, whenever required by the Department will be provided at supplementary/Revised Estimate (RE) stage. In view of the above, the Committee strongly recommends that the**

Department should take proactive steps for timely utilization of funds allocated under various Heads for 2019-20 so that it enables the Ministry of Finance to allocate all the necessary funds for the Department. The Committee also recommend that proper demand should be placed before the Ministry of Finance for allocation of rest of the funds required for developmental activities during 2019-20 at supplementary/RE stage and the recommendation of this Committee may also be sent to the Ministry of Finance for adequate allocation of funds to the Department. The Committee recommend that enhanced budgetary allocation should be provided at RE stage under the above budget heads.

### **Recommendations No. 3**

The Committee are dismayed to note that GST on Pesticides has increased to 18% after roll out of GST from around 12% VAT in most of the important states where the pesticides are consumed on a large scale. GST on fertilizers is only 5% and pesticide being another agro-input deserves to be put under 5% slab of GST. In this regard, the committee note the recommendation of the Department of Chemicals and Petrochemicals to bring down the GST slab to 5 percent. Since it is disheartening to note that the crops worth Rs.90,000 crore are lost annually due to pests and diseases, the committee recommend that GST on pesticides should be reduced from 18% to 5% so as to benefit the farmers and to increase the agricultural production in the country.

### **RECOMMENDATION NO. 4**

The Committee are constrained to note that the Plastic Park scheme of Department is able to act only lukewarm response from the entrepreneurs mainly due to high cost of land in the parks. The Committee note that the special purpose vehicles created by State governments to establish and run these parks are finding it difficult to contain the cost of acquisition of land, cost of development, plastic allocation cost etc. As per the information furnished by the Department, none of the parks have so far been able to start

functioning in a full fledged manner. Under the scheme, the Government of India provides grants funding upto 50% of the project cost subject to a ceiling of Rs. 40 crore per project. This seems to be inadequate and may also be a reason for lackadaisical performance of the scheme. Since it is an important scheme for creating state of the art infrastructure with enabling common facilities through cluster development approach for consolidating and synergizing the capacities of downstream plastic processing industry, the committee recommend the following:-

- (a) The Scheme Steering Committee should hold separate meeting with the chief secretary of the respective State Government regarding cost of plots in the Plastic parks and they should be impressed upon the need for fixing the cost of the plot at a reasonable level as to make it affordable to the entrepreneurs.
- (b) The Department should also impress upon the industrial associations about the state of the art facilities being provided in these parks and the importance of such parks to become hubs of development for plastic industry
- (c) the Department should consider increasing its share of total cost of the project from 50% of the project cost with the ceiling of Rs. 40 crore per project to at least 50% of the project cost without any ceiling so as to make it attractive for state government to come forward to set up such parks.
- (d) The Department may consider incentives alongwith State Governments for attracting more entrepreneurs.

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

The Committee note that Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) have been conceptualized as a cluster approach to promote Petroleum, Chemicals and Petrochemicals sectors in an integrated and environment friendly manner on a large scale. Policy as PCPIRs was formulated in 2007 and the first approvals for setting up of Gujarat and Andhra Pradesh PCPIRs were given in February 2009 and the approval for PCPIR Odisha and Tamil Nadu were given in December 2010 and July, 2012 respectively. Considerable progress in setting up of PCPIR has been made only in

respect of Gujarat PCPIR followed by Odisha PCPIR. Progress of establishment of PCPIRs in Andhra Pradesh and Tamil Nadu is not satisfactory as appointment of Anchor Tenant, commissioning of Anchor Project, development of Master Plan, Environment clearance etc. are yet to be done in respect of both these PCPIRs . As per information provided by the Department, it is projected that all the four PCPIRs together will create employment to more than 33 lakh persons but all the four PCPIRs have together generated only about 3.3 lakh jobs so far i.e. about 90% less than the projected level of employment. Moreover, these PCPIRs are expected to attract investment of around Rs. 7.63 lakh crore but investments worth Rs. 1.90 lakh crore approximately have been made/committed in these regions so far. Above facts show that these PCPIRs have to go a long way to reach their full potential. Since these regions have large scale potential for development of Petroleum, Chemicals and Petrochemicals industries in the country, the Committee strongly recommend that the Union government along with the State Governments concerned should initiate concrete steps for the establishment of these regions in a time bound manner. The Department should review the progress of establishment of each PCPIR with the senior officers of the State Government and the other Ministries of the Union Government so as to sort out the difficulties in establishing the PCPIRs.

#### **RECOMMENATION NO. 6**

The Committee note that all the plants of Rasayani Unit of Hindustan Organic chemicals Ltd. (HOCL) have been closed down and the Di-Nitrogen Teraxide plants alongwith its employees has been transferred to Indian Space Research Organization. Subsequently Pehno/Acetone plant of HOCL at Kochi has started functioning as stand alone unit since July, 2017. This has enabled HOCL to achieve net turnover of Rs. 472 crore and net profit of about Rs. 22 crore from Kochi unit operations during the financial year 2018-19. However, during current financial year, HOCL alongwith other two domestic industries are affected due to cheap imports of Phenol from countries like USA and Thailand. Presently anti-dumping duties have been imposed by the Government on imports from some countries but not on all countries. Since it is very much necessary to

protect the domestic industry from such dumping by foreign countries, the committee recommend that immediate necessary steps should be taken by the Department in coordination with the Ministry of Commerce to impose anti-dumping /safeguard duty on phenol imports.

#### **RECOMMENDATION NO. 7**

The Committee are happy to note that Kochi Plant of HOCL is functioning well as a stand alone project after closing of Rasayani unit of HOCL and made a profit of Rs. 22 crore during 2018-19. In view of the above, the Committee urge the Government to reconsider its decision to disinvest HOCL's Kochi unit and instead the Government may consider modernization of the plant and strengthen its diversification initiatives so as to enable it to remain continuously profit making and competitive in the field of its activities.

#### **RECOMMENDATION NO. 8**

The Committee are concerned to note that Hindustan fluorocarbon Limited (HFL) is continuously making losses since 2013-14. Efforts made by the Department for strategic disinvestment of this PSU were not successful. Moreover, HFL's operations would become unviable from 2020 onwards due to reduced quota allocation for manufacture of HCFC-22 as per Montreal protocol. While noting the view of the Department that the company has to be closed down after March, 2020, the Committee take a serious view of such pathetic condition of Central Public Sector Undertakings which are being closed one after the another due to un-viability of operations, obsolete technology, cheap imports from abroad etc. Presently there are 150 employees in the company and the Committee urge the Department to take effective steps to fully protect the interests of employees of the company in event of its closure. In this regard, the Committee note that the Department requires Rs. 77 crore to settle the statutory dues of the employees who would be offered VRS before closing down and to settle the bank dues. The Committee recommend to the Ministry of Finance to allocate the funds required by the Department for settling the dues of the employees either at RE stage or through supplementary demand for grants. The Department should submit their demand in time for the consideration of the Ministry of Finance so as to protect the interest of the employees.

#### **RECOMMENDATION NO. 9**

The Committee are happy to note that HIL (India) Ltd is continuously making profits since 2013-14. Originally incorporated to manufacture DDT, the company diversified into manufacturing of chemicals to ensure supply of quality pesticides at reasonable prices to agricultural sector and production and marketing of certified seeds for crops and vegetables and also fertilizer trading business. In committee's view, such Public Sector Undertakings which are functioning well should be encouraged by the government with financial assistance etc. whenever they require funds for further expansion/diversification of their activities. In this case, the Committee note that HIL is facing working capital shortage mainly due to delay in DDT related payments by National Vector Borne Disease central programme (NVBDCP). The Committee take a serious note of such delays and recommend that the Department should immediately take up the matter with the Ministry of Health and Family Welfare at Minister/secretary level to direct NVBDCP to immediately clear the payment dues to HIL. Department should convey this recommendation made by the Committee to both the Ministry of Health and Family welfare and NVBDCP for their compliance.

#### **RECOMMENDATION NO. 10**

The Committee note that Central Institute of Plastics Engineering Technology (CIPET) is a premier national Institution fully devoted to skill development, technology support, academic and research activities for the growth of polymer and allied industries in the country. CIPET conducts is different long term training programs including undergraduate, Post graduate and doctoral programmes and also conducts vocational skill development programmes in the entire gamut of Plastics Engineering Technology in line with the Skill India Mission of the government of India. CIPET has been operating on self- sustainable mode since 2008-09 onwards and the Government of India provides funds only for strengthening CIPET's civil and technical facilities. In this regard, CIPET has requested Rs. 149.97 crore for 2019-20. However, only Rs. 80 crore been allocated in Budget 2019-20. CIPET has requested further Rs. 30 crore for its expansion activities during 2019-20. The Committee recommend that the Department Ministry of Finance

should consider allocating this additional fund requirement of Rs. 30 crore to CIPET at R.E. stage during 2019-20, in view of the services being rendered by CIPET in its field of Activities.

#### **RECOMMENDATION NO. 11**

The Committee note that the Department of Chemicals and Petrochemicals has constituted an Expert Committee to suggest alternatives for single use plastics. In this regard, the Committee urge the Department to come up with alternative bio-degradable material so as to completely eliminate single use plastics in the country. CIPET being expert organizations in this field of plastics should work actively with other research organization to develop material like bio-plastics, bio-degradable plastics, and compostable plastics etc which are easily degradable in nature. The Government should also consider giving incentives to entrepreneurs who are forthcoming to invest in making of bio-degradable/recyclable carry bags.

#### **RECOMMENDATION NO. 12**

The Committee also note that stress is now being given on recycling of plastics that can be used again and that the usage of plastics made of new materials, composites and nano composites has to increase considerably in the country as the usage is much less vis-a-vis other countries. In this regard, the Committee strongly recommend that the Department should gear up research and development activities for the development and use of new plastic in the country, in this regard it is imperative that a definite role should be given to CIPET and the Centres of Excellence be established for the development and promotion of new plastics in the country.

#### **RECOMMENDATION NO. 13**

The Committee note that a budgetary allocation of Rs. 3 core has been made as Grants-in-aids for creation of capital Assets by Institute of Pesticides Formulation Technology (IPFT) during 2019-20 even though the institute proposed an amount of Rs. 5 crore for the purpose. Since this institute is engaged in development of environment and user friendly pesticides formulation technologies and it is necessary to support the

initiatives of the institute in developing bio-pesticides which are safe for human beings, the Committee recommend that additional fund requirement of the institute under this head may be considered by the Department of Chemicals and Petrochemicals and the Ministry of Finance at Revised Estimate stage.

The Committee also urge the Department and IPFT to make all efforts to develop environment and user friendly bio-pesticides viz neem based pesticides etc. so as to produce more and more bio pesticides in the country which are very effective against all pests as that of Chemical pesticides.

#### **RECOMMENDATION NO. 14**

The Committee note that the Government of India is making payment of compensation and ex-gratia to the victims of Bhopal Gas victims through the Office of Welfare Commissioner, Bhopal Gas Victims. 60712 cases have been decided and an amount of Rs. 822.53 crore has been awarded till March, 2019. Further ex-gratia of Rs. 830 crore has been disbursed to 5,63,112 claims as pro-rata compensation. Even though it is a judicial process and it takes time in adjudication of all the claims, the Committee recommend that all initiatives should be made by the Department and the office of Welfare Commissioner to complete the entire process of providing compensation and ex-gratia to all the eligible victims within a definite period of time.

#### **RECOMMENDATION NO. 15**

The Committee are deeply anguished over the delay in disposing off the toxic waste lying at UCIL complex in Bhopal for the last 34 years and subsequent remediation of the area. In this regard, the Committee urge the Department to take up at highest level with the Government of Madhya Pradesh to take immediate necessary action to dispose off toxic waste and to remediate the entire area within a definite period of time.

New Delhi;  
10 December, 2019  
19 Agrahayana, 1941 (Saka)

Kanimozhi Karunanidhi  
Chairperson  
Standing Committee on  
Chemicals and Fertilizers

**MINUTES OF THE SECOND SITTING OF THE  
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS**

**(2019-20)**

The Committee sat on Tuesday, the 22 October, 2019 from 1100 hrs. to 1300 hrs. in Committee Room –B, Parliament House Annexe, New Delhi.

**PRESENT**

**Smt. Kanimozhi Karunanidhi - Chairperson**

**MEMBERS  
LOK SABHA**

2. Shri Prataprao Patil Chikhalikar
3. Shri Satyadev Pachauri
4. Shri Aparupa Poddar
5. Shri N.K. Premachandran
6. Shri Arun Kumar Sagar
7. Shri M. Selvaraj
8. Shri Pradeep Kumar Singh
9. Shri Uday Pratap Singh
10. Er. Bishweswar Tudu
11. Shri Prabhubhai Nagarbai Vasava
12. Dr. M. K. Vishnu Prasad

**RAJYA SABHA**

13. Shri G.C. Chandrashekhar
14. Shri Ahmad Ashfaque Karim
15. Shri Vijay Pal Singh Tomar

**SECRETARIAT**

1. Shri Manoj K. Arora - OSD
2. Shri A.K. Srivastava - Director
3. Shri C. Kalyanasundaram - Additional Director

***LIST OF WITNESSES***

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

1. Shri P. Raghavendra Rao - Secretary (C&PC)
2. Ms. Alka Tiwari - AS & FA
3. Shri Samir Kumar Biswas - Joint Secretary
4. Shri Kashi Nath Jha - Joint Secretary
5. Smt. Godhuli Mukherjee - Economic Adviser
6. Ms. Deepika Jain - Chief Controller of Accounts
7. Shri D.K. Madan - Director

## II. PSUs/AUTONOMOUS INSTITUTIONS AND OTHER INSTITUTIONS

1. Dr. Jitender Kumar	-	Director, IPFT
2. Dr. S.K. Nayak	-	DG, CIPET
3. Shri Illangovan	-	Principal Director, CIPET
4. Shri R. Rajendran	-	Principal Director, CIPET
5. P. Vishwanathan	-	Director (Finance), CIPET
6. Shri S.B. Bhide	-	CMD, HOCL
7. Shri C.P. Bhatia	-	Director (Finance), HOCL
8. Shri S.P. Mohanty	-	CMD, HIL
9. Shri A. Banerjee	-	Director (Finance), HIL
10. Shri T.S. Gaikwad	-	MD, HFL
11. Shri D.N.V. Srinivasa Raju	-	CFO, HFL
12. Shri Sushant Huddar	-	Registrar-in -Charge, Bhopal
13. Shri Dinesh Kumar Singh	-	Deputy Welfare Comm., Bhopal
14. Shri A.K. Singh	-	MD, BCPL
15. Shri P. Dash	-	Director (Finance), BCPL

2. At the outset, Hon'ble Chairperson welcomed the Members of the Committee and representatives of the Ministry of Chemicals & Fertilizers (Department of Chemicals and Petrochemicals) to the sitting convened for examination of Demands for Grants of the Department for 2019-20. She also invited the attention of all to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings.

3. After the witnesses introduced themselves, the Secretary of the Department made power point presentation to the Committee regarding salient features of Demands for Grants 2019-20 pertaining to the Department of Chemical and Petrochemicals. The power point presentation was followed by discussion on several aspects of Demands for Grants of the Department. During the discussion, the Hon'ble Chairperson and Members of the Committee raised queries on several issues such as:-

- (i) Budget provision and expenditure during 2018-19 and 2019-20 including shortage of funds to the Department.
- (ii) Budget allocation and present status of setting up of Plastic Parks in the country and the issues related to plastic industry including single use plastic.
- (iii) Actual requirement and funds allocated for development of Central Institutes of Plastic Engineering & Technology (CIPET) and opening of new CIPET Centres in the country;

- (iv) Issues related Bhopal Gas Leak Disaster.
- (v) Issues relating to disinvestment of PSUs under the Department including Hindustan Organic Chemicals Limited (HOCL) and Hindustan Fluorocarbons Limited (HFL).
- (vi) Foreign exchange outgo on account of import of chemicals and Petrochemicals and setting up of new cracker plants to meet the requirements of the country.

4. The Secretary, Department of Chemicals and Petrochemicals and other officers replied to the aforesaid issues raised by the Committee.

5. The Chairperson thanked the witnesses for appearing before the Committee as well as for furnishing valuable information to the Committee. They were also asked to send written replies at the earliest in respect of those points/queries for which requisite information/clarification was not readily available

6. A copy of the verbatim record of the proceedings of the sitting has been kept.

***The Committee then adjourned.***

**MINUTES OF THE SEVENTH SITTING OF THE  
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS**

**(2019-20)**

The Committee sat on Tuesday, the 10<sup>th</sup> December, 2019 from 1700 hrs. to 1730 hrs. in Committee Room B, Parliament House Annexe, New Delhi.

***PRESENT***

**Ms Kanimozhi Karunanidhi- Chairperson**

***MEMBERS  
LOK SABHA***

2. Shri Ramakant Bhargava
3. Shri Prataprao Patil Chikhalikar
4. Shri Rajeshbhai Naranbhai Chudasama
5. Shri Satyadev Pachauri
6. Shri Pradeep Kumar Singh
7. Shri M. Selvaraj
8. Shri Uday Pratap Singh
9. Shri H. Vasanthakumar
10. Shri Prabhubhai Nagarbhai Vasava
11. Dr. M. K. Vishnu Prasad
12. Shri Deepak Baij
13. Dr. Manoj Rajoria

***RAJYA SABHA***

14. Shri G. C. Chandrashekhar
15. Shri Ahmad Ashfaque Karim

***SECRETARIAT***

1. Shri Manoj K. Arora - OSD
2. Shri A. K. Srivastava - Director
3. Shri C. Kalyanasundaram - Additional Director

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 'Demands for Grants 2019-20' (Department of Chemicals and Petrochemicals);
- (ii) Draft report on 'Demands for Grants 2019-20' (Department of Pharmaceuticals; and
- (iii) Draft report on 'Demands for Grants 2019-20' (Department of Fertilizers.

4. After deliberations the Draft Reports were unanimously adopted by the Committee without any changes/amendments.

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, Department of Fertilizers and Department of Pharmaceuticals and present the same to both the Houses of Parliament.

***The Committee then adjourned.***