6	STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2019-20) SEVENTEENTH LOK SABHA

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

DEMANDS FOR GRANTS

(2020-21)

SIXTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

March, 2020/ Phalguna, 1941 (Saka)

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(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)

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Presented to Lok Sabha on 20.03.2020

Laid in Rajya Sabha on 20.03.2020

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CONTENTS

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

Ms. Kanimozhi Karunanidhi - Chairperson

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3	Shri Ramakant Bhargava
4	Shri Prataprao Govindrao Patil Chikhalikar
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28	Shri Arun Singh
29	Vacant
30	Vacant
31	Vacant

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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 Sixth Report on Demands for Grants 2020-21 pertaining to the Department of Chemicals & Petrochemicals of the Ministry of Chemicals and Fertilizers.

The Committee examined the Demands for Grants (2020-21) pertaining to the Department of Chemicals & Petrochemicals which were laid in Lok Sabha and Rajya Sabha on 11 February 2020.

The Committee took evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals) at their sitting held on 05 March, 2020.

The Report was considered and adopted by the Committee at their sitting held on 18 March 2020.

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;
18 March, 2020
28 Phalguna, 1941 (Saka)

Kanimozhi Karunanidhi
Chairperson
Standing Committee on
Chemicals and Fertilizers

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, Administration, Statistics & Monitoring (S&M) and Economic Division. The Integrated 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), HIL (India) Limited 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 11th February, 2020. Budget Estimate (BE) for the Demand No. 5 pertaining to the Department of Chemicals and Petrochemicals is RS. 218.34 crore. The Committee have examined in-depth the detailed Demands for Grants of the Department for the year 2020-21. 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

2.1 The chemical 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 and toiletry. 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.

2.2 The Chemical and Petrochemical sector is one of the most vital and driving engines for the growth of the economy. Before independence, the sector was mainly concentrated in Eastern India but slowly shifted to Gujarat and Maharashtra due to availability of better infrastructure and port facilities. The Chemical and Petrochemical sector has grown multi-fold since independence of India. Today, India is exporting chemicals and petrochemicals to those very countries from where these were imported decades ago.

2.3 The Industrial Policy, 1991 delicensed, deregulated and decontrolled the sector. As per this policy, no industrial license is required for setting-up of new capacities; only Industrial Entrepreneur Memorandum (IEM) from the Department of Industrial Policy and Promotion is required to establish any new capacity or expansion of the existing plant, except for the following chemicals/petrochemicals which are hazardous in nature:

a) Hydrocyanic acid and its derivatives. {This includes Arcylonitrile (ACN), Methyl Metha Acrylate (MMA) and Poly Methyl Metha Acrylate (PMMA) etc.}.
b) Phosgene and its derivatives. (This includes Polycarbonate)
c) Isocynate and Di-Isocyanates of hydrocarbon not elsewhere specified (example Methyl Isocyanate)

Production of Chemicals and Petrochemicals

2.4 As per information given in Annual Report 2019-20 of the Department of Chemicals and Petrochemicals, production of selected major chemicals and petrochemicals during the years 2014-15 to 2019-20 (upto September, 2019) is given below:-

(in 000' MT)

Group	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR	2019-20 (April 19 to Sep.19
Alkali Chemicals	6625	6802	7009	7631	8043	4.97	4112
Inorganic Chemicals	944	1002	1053	1058	1064	3.03	499
Organic Chemicals	1619	1589	1638	1799	1884	3.87	922
Pesticides	186	188	214	213	217	3.83	93
Dyes & Pigments	285	304	320	367	382	7.54	191
Total Basic Major Chemicals	9660	9884	10234	11069	11589	4.66	5817
Synthetic Fibers	3532	3558	3599	3625	3601	0.49	1933
Polymers	7558	8839	9163	9276	10040	7.36	4785
Elastomers	172	242	285	308	351	19.58	178
Synth. Detergent Intermediates	596	566	664	743	687	3.63	337
Performance Plastics	1591	1700	1799	1719	1589	-0.04	821
Total Basic Major Petrochemicals	13448	14905	15510	15670	16269	4.88	8054
Total Basic Major Chemicals and Petrochemicals	23108	24788	25744	26739	27858	4.78	13871

Note: The total basic Chemicals and Petrochemicals production is aggregated based on monthly production returns from manufacturers under large and medium scale.

CHEMICAL SECTOR PRODUCTION TRENDS

2.5 It may be seen from the above table that the production of Alkali Chemicals accounts for around 71% of the total production of Major Chemicals for the year 2019-20 (upto September 2019). The production of Major Chemicals in 2019-20 (upto September 2019) is 6,083 thousand MT, compared to 6,069 thousand MT during the same period in 2018-19 (upto September 2018) implying a growth of 0.23%. The CAGR in production of total basic major Chemicals during the period 2014-15 to 2018-19 is 5.06%.

PETROCHEMICAL SECTOR PRODUCTION TRENDS

2.6 Petrochemical industry mainly comprises commodity polymers, synthetic fibre/yarn, synthetic rubber (elastomers), synthetic detergent intermediates and performance plastics. The Petrochemical industry in India is growing at a rapid pace and the per capita consumption of plastics in the country has increased several times as compared to the earlier decades. Today, Petrochemicals play a vital role in functioning of virtually all key sectors of economy which includes agriculture, infrastructure, healthcare,

textiles and consumer durables. Petrochemical products cover the entire spectrum of daily use items ranging from clothing, housing, construction, furniture, automobiles, house-hold items, toys, agriculture, irrigation and packaging to medical appliances. World per capita consumption of polymers is around 36 Kg which is almost 3 times of India's per capita consumption. Over the last decade, India's petrochemical consumption has been growing at around 7-9% and this growth is expected to continue in the long term. Presently, there are eleven naphtha/ gas/dual feed cracker complexes in operation with combined ethylene capacity of about 7.2 MMTPA as per the following details:-

S. No.	Owner	No. of Crackers	Feedstock	Total Design Capacity (KTPA Ethylene)
1	GAIL	2	Gas	860
2	HPL	1	Naphtha	700
3	IOCL	1	Naphtha	857
4	RIL	5	Gas + Naphtha	3580
5	BCPL	1	Gas + Naphtha	220
6	OPaL	1	Gas + Naphtha	1060
	Total	11		7277

2.7 When the Committee inquired about steps being taken to establish more cracker complexes in the country so as to meet the petrochemical requirements of the country which is projected to increase further and there may be possible deficit to the tune of 5703 Kilo Tonnes per Annum by the year 2025 the Department in its written reply has stated as follows:

> The Petrochemical sector is delicensed and deregulated and as such the Department has no direct role to play in establishment of crackers. However, the Department encourages and facilitates the industry to come forward for establishment of more number of crackers based on techno-economic feasibility. Some of the steps taken by the Department are as under:
>
> a) Promoting Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR)
> b) Regularly organising Investor meets, India-chem events, holding Road-shows, etc.
> c) Recommending appropriate tariff and non-tariff measures.
>
> Recent announcements made by the Govt. for reducing Corporate tax rates and removal of dividend distribution tax are also likely to help in improving investment climate.

INTERNATIONAL TRADE

2.8 As per the information given in the Annual Report 2019-20, 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

(*Value In Rs. crore*)

HS Code	Commodity	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR (%)	2018-19 (April 18 to Sep 18	2019-20 (April 19 to Sep
	Total National Exports	1896445	1716384	1849434	1956515	2307726	5.03	1121475	1114603
28	INORGANIC CHEMICALS	8749	7913	9138	11175	14056	12.58	6980	6046
29	ORGANIC CHEMICALS	73069	75295	78386	95381	127567	14.95	60932	63377
32	TANNING OR DYEING	17206	16165	17189	18951	23124	7.67	11232	12288
38	MIS-CELLANEOUS CHEMICAL PRODUCTS.	19432	20083	21792	25080	32397	13.63	14588	17459
39	PLASTIC AND ARTICLES THEREOF.	31022	34381	35502	40928	56079	15.95	27101	25517
4002	SYNTHETIC RUBBER AND FACTICE	379	452	480	571	739	18.13	383	369
54	MAN-MADE FILAMENTS.	14621	13460	13334	13984	16018	2.31	7912	7934
55	MAN-MADE STAPLE FIBRES.	13334	13625	14373	13212	13308	-0.05	6733	5932
A:Total Chemicals and Petrochemical Products		177813	181374	190193	219281	283287	12.35	135860	138922
% share in total export		9.4	10.6	10.3	11.2	12.3		12.1	12.5

Source: Directorate General of Commercial Intelligence and Statistics (DGCIS) Kolkata.

B. Imports

(*Value In Rs. crore*)

HS Code	Commodity	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR (%)	2018-19 (April 18 to Sep 18)	2019-20 (April 19 to Sep 19)
	Total National Imports of which	2737087	2490306	2577675	3001033	3594675	7.05	1794884	1734903
28	INORGANIC CHEMICALS	31413	33170	31654	38927	53237	14.10	27054	23512
29	ORGANIC CHEMICALS	108320	101986	103798	123761	156552	9.64	79718	75943
32	TANNING OR DYEING	9821	10467	11186	12995	15460	12.01	7745	7769
38	MISC-ELLANEOUS CHEMICAL PRODUCTS.	25494	27207	30642	35521	41748	13.12	20714	21972
39	PLASTIC AND ARTICLES THEREOF.	71398	74566	77573	89768	106591	10.54	53592	52849
4002	SYNTHETIC RUBBER AND FACTICE	6697	5205	5654	6687	7896	4.20	4020	3255
54	MAN-MADE FILAMENTS.	5042	4879	4856	5538	6843	7.94	3241	3963
55	MAN-MADE STAPLE FIBRES.	4539	4401	3826	4658	6508	9.43	3472	3670
B: Total Chemicals and Petrochemical Products		262722	261880	269189	317856	394834	6.56	199557	250019
	% share in total import	9.6	10.5	10.4	10.6	11.0		11.1	14.4

Source: Directorate General of Commercial Intelligence and Statistics (DGCIS) Kolkata.

2.9 Projection of production, consumption, import and export of chemicals and petrochemicals for the next five years of major chemicals and petrochemicals as arrived at, ensuing the linear forecast formula is shown below:-

Projection of Production in next five years

Year	Production (Figures in '000 MT)		
	Chemicals	Petrochemicals	Chemicals and Petrochemicals
2019-20	12000	39241	51241
2020-21	12631	39570	52201
2021-22	13222	40528	53750
2022-23	13707	41579	55286
2023-24	14267	42510	56777

Year	Export (QTY) (Figures in '000 MT)		
	Chemicals	Petrochemicals	Chemicals and Petrochemicals
2019-20	1770	10159	11928
2020-21	1901	11767	13668
2021-22	1978	13560	15539
2022-23	2131	14841	16972
2023-24	2266	16143	18409

Year	Import (QTY) (Figures in '000 MT)		
	Chemicals	Petrochemicals	Chemicals and Petrochemicals
2019-20	6606	13284	19890
2020-21	6978	13494	20472
2021-22	7408	13773	21180
2022-23	7724	14049	21773
2023-24	8066	14554	22620

Year	Consumption (QTY) (Figures in '000 MT)		
	Chemicals	Petrochemicals	Chemicals and Petrochemicals
2019-20	16836	42366	59202
2020-21	17708	41298	59006
2021-22	18652	40740	59392
2022-23	19300	40787	60087
2023-24	20068	40920	60988

(Source: S&M division of DCPC)

2.10 During oral evidence the Committee pointed out that Rs 3.95 lakh crore was incurred for the import of chemicals and petrochemicals during 2018-19 and enquired about the measures being taken by the Government to a augment domestic production, a representative of the Department of Chemicals and Petrochemicals stated as under:-

> "Sir, as the Secretary made a presentation in the beginning, it is one of our Vision Statements that we will reduce our import dependency. This particular sector, though it has a lot of potential and opportunity, is mostly import-dependent because of various factors, which is commonly ailing the entire manufacturing sector. First of all, the cost of production is quite high, including cost of land, cost of capital, and various other costs which get added due to infrastructural bottlenecks. In chemical and petrochemical sector, the requirement of infrastructure is much greater than it is in the IT sector because you require pipeline for transportation of chemicals, you need CETPs for treating you effluents, you require various other utilities like steam, you require water that is not seawater but demineralised water, and you require effluent treatment facility .
> So, these are the requirements of utilities. Infrastructural bottlenecks and the utilities add cost to the entire production process. On the top of this, India is a country deficit in natural resources like crude and nature gas, which are the feedstocks for petrochemicals. Whatever crude is getting imported, it is going mostly towards meeting the energy demand in the form of petrol, diesel and other fuel oil and very little is going towards petrochemicals. All this is adding to the high cost of production of petrochemicals, in comparison to other adjoining countries which are giving a lot of subsidy and as a result the cost of production is very less there. Our products are not that competitive, as a result a lot of import is coming in. This has been the experience of various PSUs. For example, HOCL, which had a very good facility at Rasayani, had to be closed down because all those products which it was producing started coming in at a very cheap price from adjoining countries like Thailand and China. At present, there is only one

unit at Kochi, which is producing Phenol. We made a lot of profit last year but this year we are again in trouble because a lot of cheaper import is coming from Malaysia, Thailand and other countries. The basic reason for the increased import is high cost of production coupled with various other factors. Demand is getting generated because of the economic growth and that is being met by import."

2.11 Further the Committee asked that what steps have been taken to reduce the import dependency a representative of the Department said that:-

"The Department has taken a very conscious holistic approach to reduce import dependency. That is a part of the vision statement. It is not only giving protection but also facilitating investment in a particular sector and attract more and more investment so that we have more production capacity and meet the increased demand. It has been analysed as to why investments are not coming to India and going to some other adjoining countries. A comprehensive proposal, including duty structure, has been proposed to the Ministry of Finance."

2.12 In this regard, the Department in a post evidence reply stated as under:-

"The Department of Chemicals and Petrochemicals has recommended the Ministry of Finance (MoF) for rationalization of Basic Custom Duty (BCD) on the Chemicals and Petrochemicals to protect the Indian industry, full utilization of existing installed domestic capacity, avoid dumping and promote investment in India."

2.*13* **Problems faced by chemical & petrochemical sector:**

The major challenges the sector is facing are:

i. High cost of capital and comparatively expensive power
ii. Capital intensive industry and lack of sufficient incentives to undertake mega investments
iii. Absence of world class infrastructure
iv. Absence of world - scale capacity plants
v. Closely guarded technologies for specialty petrochemical and chemical products
vi. Primary focus on energy security; resulting in production of gasoline, instead of chemicals and petrochemicals
vii. Non-availability of advantageous feedstock for many industry players; as feedstock is controlled by only select few, who have backward integration with refineries and petrochemicals
viii. Difficult and time consuming approvals, especially in obtaining environment clearances etc.

CHAPTER – III

DEMANDS FOR GRANTS (2020-21)

A. DEMAND NO.5

3.1 Budget Estimates pertaining to the Department of Chemicals and Petrochemicals for 2020-21 are as under:-

(in crore)

ACCOUNT	2018-19	2019-20		2020-21
	ACTUAL	BE	RE	BE
REVENUE	339.86	263.65	370.18	218.34
CAPITAL	0	--	--	--
TOTAL	339.86	263.65	370.18	218.34

3.2 When asked what are the rationale for fixing BE at Rs. 218.34 crore which is less than RE for 2019-20 and the Actual Expenditure for 2018-19 (Rs. 339.86 Crore), The Department in its written reply stated as under:-

> "The Ministry of Finance had allocated Rs.218.34 crore to the Department as against the proposed total outlay of Rs. 227.56 crore in BE 2020-21, inclusive of mainly a total of Rs.98.25 crore for the Central Institute of Plastic Engineering & Technology (CIPET) and Rs.53.79 crore to New Schemes of Petrochemicals(NSP). In the BE of 2019-20, the Ministry of Finance made an allocation of Rs.263.65 crore. However, at the 1st Supplementary stage, the Department received Rs.100.00 crore as cash supplementary for reducing the liabilities of the AGCP due to cost overruns and Rs.6.53 crore for payment of ex-gratia to Bhopal Gas Victims. In the RE of 2018-19, the Ministry of Finance made an allocation of Rs.399.65 crore which includes 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 1st& 2nd quarter of 2018-19 mainly in NSP".

3.3 Against the proposed total outlay of Rs. 227.56 crore during 2020-21, the Ministry of Finance allocated Rs. 218.34 crore. This was further allocated scheme wise by the Department as follows:-

(in crore)

Sr. No.	Name of the Scheme	Proposed BE 2020-21	Approved 2020-21
I	**Central Sector Schemes**		
1.1	Assam Gas Cracker Project (AGCP)	**0.01***	**0.01***
1.2	New Schemes of Petrochemicals	**60.86**	**53.79**
1.3	Chemical Promotion & Development Scheme (CPDS)	**3.50**	**3.50**
	Total	**64.37**	**57.30**
II	**Other Central Expenditure (Sectt/BGLD/ABs/PSUs)**		
2.1	Secretariat/Economic Services	**22.14**	**19.99**
2.2	Central Institute of Plastic Engineering & Technology (CIPET)	**98.25**	**98.25**
2.3	Institute of Pesticides Formulation Technology (IPFT)	**11.00**	**11.00**
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 (BGLD)	**31.80**	**31.80**
	Total	**163.19**	**161.04**
	Grand Total	**227.56**	**218.34**

3.4 The Department of Chemicals and Petrochemicals was asked to furnish its comments on adequacy of budgetary support provided to the Department for the financial year 2020-21 against the requirement of funds projected to the Ministry of Finance. In this regard, the Department in a written reply stated as under:-

> The proposed allocation for the FY 2020-21 by the Department was Rs.227.56 crore as against the approved BE allocation is Rs.218.34. The reduction in the allocation to the Department during 2020-21 at BE stage vis-à-vis the allocation proposed, mainly, will have a bearing on the implementation of New Scheme of Petrochemicals. Rs.218.34 crore allocated in BE 2020-21 has been further allocated as per requirement of the Divisions.

3.5 The Committee further asked the Department the manner in which the proposed BE of Rs. 218.34 crore for 2020-21 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 has an allocation of BE Rs.218.34 crore for the year 2020-21. The requirement was to meet additional expenditure for the following:-

1. **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.

In 2020-21, an amount of Rs.98.25 crore has been allocated to CIPET at BE stage for activities as under:-

(i) Creation of Residential hostels
(ii) Enriching Technical Infrastructure facilities & capabilities to meet industry needs
(iii) Establishment of HLC at Jaipur (Rajasthan)
(iv) Establishment of OLC at Ranchi (Jharkhand)
(v) Establishment of OLC at Chandrapur (Maharashtra)
(vi) Establishment of OLC at Dehradun (Uttarakhand)
(vii) Establishment of VTC at Varanasi (Uttar Pradesh)
(viii) Establishment of VTC at Jammu/Kashmir
(ix) Establishment of VTC at Motihari/Bhagalpur (Bihar)
(x) Establishment of VTC at Mumbai (Maharastra)
(xi) Establishment of Advanced Polymer Design & Development Research Laboratory

3.6. In 2020-21, an amount of Rs.53.79 crore has been allocated to **NSP** at BE stage for activities under Scheme for setting up of plastic parks and for setting up of Centres of Excellence. The details break-up of funds proposed during 2020-21 is given below:-

1.	Odisha Plastic park- balance of 3rd instalment	= Rs.06.12 crore
2.	Tamil Nadu Plastic Park – 2nd instalment	= Rs.12.88 crore
3.	Jharkhand Plastic park – 2nd instalment	= Rs.11.79 crore
4.	Bilaua, MP Plastic park – Balance of 2nd instalment	= Rs.08.13 crore
5.	Tamot, MP Plastic park – Part of Final instalment	= Rs.04.10 crore
6.	Assam Plastic Park – Part of 3rd instalment	= Rs.07.00 crore
7.	Programme Manager Fees	= Rs.00.05 crore
8.	CoE at IIT, Roorkee -Final installment	= Rs.02.32 crore
9.	CoE at NCL, Pune -Final installment	= Rs.01.40 crore
	TOTAL	**Rs.53.79crore(approx.)**

3.7 In view of the above, the Department has opined that the pace of developmental activities for New Schemes of Petrochemicals may likely to be affected to some extent due to the curtailed Budget of Rs. 9.22 crore for the year 2020-21.

CHAPTER IV

SCHEMES OF THE DEPARTMENT

4.1 The Department of Chemicals and Petrochemicals has been implementing two Central Sector Schemes viz New Schemes of Petrochemicals (Plastic Parks scheme & Scheme of Centre of Excellence (COEs)) and Chemicals Promotion and Development Scheme (CPDS)

(Rs.in crores)

Item	Year	BE	RE	Actuals	
New Schemes of Petrochemicals	2015-16	58.41	12.50	09.06	70.80%
	2016-17	48.00	48.00	33.84	70.50%
	2017-18	48.00	26.51	10.80	40.53%
	2018-19	55.50	19.00	19.00	100.00%
	2019-20	31.65	31.65	27.75	87.68%
	2020-21	53.79			

(A) SETTING UP OF PLASTIC PARKS

4.2 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.

4.3 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.

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

	Date of Approval	Project Cost (Rs. in cr.)	Total GOI in aid approved for project
Madhya Pradesh (Tamot)	09.10.2013	108	40
Odisha (Paradeep)	09.10.2013	106.78	40
Assam (Tinsukia)	21.12.2014	93.65	40
Jharkhand (Deogarh)	20.12.2018	67.33	33.67
Madhya Pradesh (Gwalior)	20.12.2018	68.72	34.36
Tamil Nadu (Thiruvallur)	05.09.2019	216.92	40.00

4.5 When asked about the present status and reasons for slow progress of the Plastic Parks, the Department in its written reply furnished the following information:-

i. **Tamot, Madhya Pradesh Plastic Park:** The physical progress of park is completed and procurement of few equipment of common facility centre (CFC) is in progress.

ii. **Tinsukia, Assam Plastic Park**: The progress of Assam Plastic Park has been stagnant due to lack of interest from the local entrepreneurs despite repeated attempts and perceptions/ apprehensions in the mind of investors about law and order. Also the frequent rain and flood in the region are a cause of delay. The disturbance caused due to protest in the area delayed the work. However, work is under progress now.

iii. **Paradeep, Odisha Plastic Parks**: The physical progress of Odisha Plastic Park is almost complete and expected to be completed soon.

iv. **Thiruvallur,Tamil Nadu, Plastic Park**: The earlier land area was coming under Costal Regulation Zone (CRZ), owing to which the location had to be changed by the State Govt. The approval for new location was accorded in Sept-2019.Now the work has been awarded to contractors by State Govt and work will be started soon.

v. **Balaua, Gwalior, Madhya Pradesh Plastic park:** The pace of progress of physical infrastructure in park is in line with the proposed timeline and approx 50% work is completed so far. The project is expected to be completed within stipulated period of 3 years.

vi. **Deoghar, Jharkhand Plastic Park:** The work of Plastic Park started after approval of State Government Cabinet in September-2019 and now the work is in progress.

4.6 As per Scheme guidelines, three years are prescribed for completion of Plastic Parks. The response of entrepreneurs to setup units in these parks is not encouraging due to various reasons. However, SPVs are making all out efforts by marketing Plastic Parks in various events organized by the Industry Associations and they are also offering attractive incentive schemes. The Department also suggested to offer land at lease rent. For the removal of bottlenecks a Committee under the chairmanship of Secretary, Industries, Government of Odisha and other stakeholders as members has been constituted for review and modification of the guidelines for the Scheme for setting up of Plastic Parks.

4.7 When asked about steps taken by the Department to fast track the process of Setting up of Plastic Parks the Department in its written reply stated as following:

> Plastic Park projects are being set up by Special Purpose Vehicles (SPV) created by the respective State Governments. The Department supports financially 50% of the project cost or up to Rs. 40 Cr, whichever is less, as per scheme guidelines and also monitor progress of Plastic Parks. The Department constantly pursues with the State Governments by reviewing progress reports, holding review meetings and field visits etc. The Scheme Steering Committee (SSC) also reviews the progress of Plastic Parks. State Governments are making all out efforts through marketing of Plastic Parks in various events organized by the Industry Associations and they are also offering attractive incentive schemes.
>
> The Department suggested offering land on lease rent basis at nominal rates to entrepreneurs. The Department has also taken steps to attract investors in Tinsukia, Assam Plastic Park for which, M/s Brahmaputra Cracker and Polymer Limited (BCPL), has offered raw material for the Plastics industry by giving special discount to the extent of Rs. 750/MT plus additional discount of Rs. 500/MT for units coming up in the Tinsukia, Assam Plastic Park.

4.8 When the Committee asked about the status of the 4 Plastic parks which were approved by the SFC along with the 6 Plastic parks which are already under implementation the Department in its written reply has informed that:-

The 4 Plastic Parks for which "In-principle" approval was earlier granted on 18.2.2016 are located at Uttarakhand, Chhattisgarh, Haryana and West Bengal. The State Governments of the respective Plastic Parks were given enough time to present their case for 'final approval' for establishment of Plastic Park in their state. The present status of these projects is as follows:

a) **Uttarakhand Plastic Park**: The Uttarakhand State Government has submitted the revised DPR only in February, 2020 and currently the DPR is being evaluated by a Committee constituted by the Department.

b) **Chhatisgarh Plastic Park**: The State Government was requested to submit a revised DPR but no response has been received in this regard. In the 19th SSC meeting held on 02.03.2020, the State Government representative assured to submit their revised DPR quickly, failing which the 'in-principle' approval accorded to them would be withdrawn.

c) **Haryana Plastic Park**: The State Government was requested to submit a revised DPR but no response has been received in this regard. In the 19th SSC meeting held on 02.03.2020, the State Government representative

assured to submit their revised DPR quickly , failing which the 'in-principle' approval accorded to them would be withdrawn.

d) **West Bengal Plastic Park:** The State Government of West Bengal Government has shown no interest in the Plastic park project after getting in-principle approval. No representative from the State Government attended the meetings called by the DCPC. In view of the above, the 'in-principle; approval accorded to the West Bengal Plastic Park is being withdrawn.

4.9 The Department was further asked whether they had taken up the matter of slow progress with the state Government, the Department in its written reply stated that:

> They consistently pursue with the State Governments by reviewing progress reports, holding review meetings and field visits etc. The Scheme Steering Committee (SSC) also reviews the progress of Plastic Parks.

4.10 When it was further enquired whether the Department purposes to provide any assistance to State Government to enable them complete the tasks relating to setting up of plastic parks within the time schedule fixed for the purpose, the Department in its written reply stated that

> The Department supports financially as per scheme guidelines and also monitors progress of Plastic Parks. The Department also guides State Governments for populating their Plastic Park by arranging Road Shows, Investor meets, Participation in events organized by Industry Associations, etc.

4.11 During oral evidence when it was asked that what has been done to generate more interest towards these Plastic Parks a representative of the Department stated that:

> "Madam, we have worked on three fronts. One, we have called all those who are in-charge of plastic parks, the project managers and the State Government representatives. Under the chairmanship of the Secretary, we have discussed with them in the Steering Committee meeting. The main bottleneck was the cost of land. The State Government was asking them to deposit the amount which was quite huge in lieu of land. So, we advised them to give them land on lease or rental basis. Secondly, we have also convinced them that the State Government should not work on project just for profit because once these parks are inhabited, other benefits will come to the state. So, we tried to convince them and they have reduced the cost of land drastically to about 50 per cent. Thirdly, through BCPL, we have written to them to explore the possibility so that the raw material can be provided to the people who are coming to plastic parks to set up the industry on

concessional basis. So, they have taken a decision. Now, in the Northeast, especially, Tinsukia district, in Assam Plastic Park, the people who are establishing the units there will get raw material at a cheaper rate of Rs. 1,250 which is less than the market rate. So, these are the things we are doing to promote it. Accordingly, the results are positive".

(B) SETTING UP OF CENTRES OF EXCELLENCE (COE) IN POLYMER TECHNOLOGY

4.12 The scheme aims at improving the existing petrochemicals technology and research in the country and to promote development of new applications of polymers and plastics. In phase-I of the Scheme implemented up to the year 2017, the Government of India provided financial support to the extent of maximum of 50% of the total cost of the project subject to an upper limit of Rs. 6 Crore over a period of 3 years. The Scheme was extended upto year 2020 with modified guidelines in 2016-17, which aim at promoting applied research and technology transfer from Lab to Industry and funding of Rs 5 crore per CoE.

So far eight Centres of Excellence (CoE) within the premises of reputed educational/ research institutes approved and established as per following details:-

S.No	Name of the institute where Centre of Excellence (CoE) has been established	Title of Centre of Excellence	Total Project Cost (Rs in crore)	GoI grant-in-aid approved (Rs in crore)
1	National Chemical Laboratory, Pune	Sustainable Polymer Industry to research & innovation	12.00	6.00
2.	Central Institute of Plastics Engineering & Technology, Chennai	Green Transport Network (GREET)	18.98	6.00
3.	Central Institute of Plastics Engineering & Technology, Bhubaneswar	Sustainable Green Materials	15.045	6.00
4.	Indian Institute of Technology, Delhi	Advanced Polymeric Materials	12.00	6.00
5.	Indian Institute of Technology, Guwahati	Sustainable Polymers (Sus-Pol)	14.74	6.00
6.	Indian Institute of Technology, Roorkee	Process Development, Wastewater Management in Petrochemical Industries	13.13	4.40
7.	Central Institute of Plastics Engineering & Technology, Bhubaneswar	Bio-engineered Sustainable Polymeric Systems	10.01	5.00
8.	National Chemical Laboratory, Pune	Specialty Polymers for Customized, Additive Manufacturing	5.60	2.80

4.13 When asked about the goals set and achievements made so far by the CoEs set up under Phase-I of the Scheme, Department in its written reply has stated that the goals and achievements made by COEs are as follows:

Sl. No.	CoE	Goals	Achievements
1	CoE for Green Transportation Network (GREET) at CIPET, Chennai in collaboration with University of Toronto(UoT), Canada Approval date: 23.03.2011	(i) Design and engineering of lightweight and sustainable hybrid green composite auto parts; (ii)Development of dimensionally and thermally stable green composites; (iii) Performance evaluation, life cycle analysis, recyclability and prototyping.	• Development of Light weight sustainable bio composites from long and short fiber reinforced composites and nano composites for fuel efficient automobiles. • Development of Nano enhanced structural hybrid composites from natural fiber derivatives. • Utilization of functional polymer blends and nano composites for interior and exterior auto parts.
2	CoE for Sustainable Polymer Industry through Research Innovation & Training (CoE-SPIRIT) at National Chemicals Laboratory (NCL), Pune Approval date: 23.03.2011	(i) Research and Scientific Services Program (RSSP) – fundamental research on Reactor-Structure-Property Relationship (RSPR) (this includes reactor modeling, processing simulator and structure development); and (ii) Learning and Sharing Program (LSP).	• Catalyst development for newer class of meta-stable polyethylene's. • CoE facilities have also been utilized for helping Indian industries and also UG/PG students for characterizing polymers at nominal rates and a revenue of about Rs 21 lac have been generated from testing activities so far. • In this period, following two important projects have been sponsored; (i) Novel UHMWPE blends with M/s Reliance Industries Ltd.(RIL) and (ii) Chemical analysis of PE waxes with M/s Gulbrandsen, which are collectively worth about Rs. 50 lac.
3	CoE for Advanced Polymeric Materials at IIT, Delhi Approval date: March, 2013	(a) Fabrication, characterization of polymer nano-composites and their performance assessment to enable new application development; (b)Synthesis and characterization of polymer based composites and other materials for EMI shielding applications; and	• Various studies have been undertaken on various topics I. Filled acrylate based restorative composites. II. PLA/SEBS-g-MA blends III. SO-CO_2 process ability of Poly lactic acid based clay nano composites. • Functional polypropylene random copolymer composites for EMI shielding applications has been developed.

4	CoE on Sustainable Green Materials at CIPET, Bhubaneswar in collaboration with Michigan State University (MSU), USA Approval date: March, 2013	Phase I: Bio-resins from vegetable / plant oils (non-edible); Phase II: Bio-based adhesives /coating materials with enhanced curing mechanism from renewable resources; Phase III: Blends and composites from bio-resin / recycled plastics	• Bio based resins from plant oils I. Comparative analysis of bio resins with their petroleum based counter-parts. II. Specific characterization studies for adhesive & coating application • Eco-friendly recycled polymer blends I. Property analysis of recovered plastics and their comparison with virgin materials II. Development of novel formulations for enhancing the useful properties of recovered plastics.
5	CoE for Sustainable Polymers at IIT, Guwahati Approval date: March, 2013	To develop cost-effective and scalable technologies for the production of biodegradable polymer based end products using both petrochemical and renewable bio-feedstock.	• Industrially viable process for high barrier PLA- chitosan based films successfully achieved. • Sophisticated Polymer laboratories have been developed. • Organized ASP 16 Conference in Kyoto, Japan • CoE- SusPol activities presented in Taiwan, IIT Delhi, Guelphn, Canada.

Chapter V

PSUs/ Autonomous institutions of the Department

A. Public Sector Undertakings

5.1 There are three Central Public Sector Undertakings (CPSU) under the Department Viz. Hindustan Organic Chemicals Ltd. (HOCL), Hindustan Fluorocarbons Limited (HFL), which is a subsidiary of (HOCL) and HIL (India) Limited and two autonomous institutes namely Central Institute of Plastics Engineering & Technology (CIPET) and Institute of Pesticide Formulation Technology (IPFT).

Hindustan Organic Chemicals Limited (HOCL)

5.2 Hindustan Organic Chemicals Limited (HOCL) was incorporated on 12th 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_2O_4) at Rasayani unit. HOCL's authorised and paid up share capital is Rs.370 crore and Rs.337.27 crore [comprising of Rs.67.27 crore equity and Rs.270 crore preference shares] respectively. Govt. of India holds 58.78% of the equity of the company and the preference shares in full. HOCL is listed on the Bombay Stock Exchange (BSE).

5.3 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.In order to enable the company to tide over its liquidity problems, the Govt. on 1st August, 2013 approved postponement of redemption of Rs.270 crore preference shares issued to the Govt. of India (date of allotment 24.01.2008), which was due for redemption from 2011-12 onwards, to 2015-16 onwards. The Govt. guarantee of Rs.100 crore was also further extended up to August, 2017. Further, Govt. guarantee of Rs.150 crore was provided to HOCL in July, 2014 for issue of bonds by the company for meeting its working capital requirement and payment of liabilities towards raw material suppliers, employee dues, etc. This enabled the company to restore manufacturing operations at its Kochi and Rasayani units. However, the global fall in the prices of petroleum products at that time caused severe crash in the prices of Phenol and Acetone and the company faced difficulties in selling the products at profitable rates and generating adequate working capital. This led to frequent shutting down of operations at both Kochi and Rasayani units there by further aggravating the financial crisis of HOCL. Due to continuous losses and shortage of working capital, the company was not able to pay regular salary and statutory dues to the employees during 2015 to 2017. Following implementation of restructuring plan for HOCL the plant operations of Rasayani unit have been closed down. The Phenol/Acetone plant at Kochi unit resumed operations from July, 2017 and is being operated regularly since then.

Budget Allocation

5.4. No budgetary allocation was made for HOCL during the last three years.

(Rs. In crore)

Account	**2018-19**	**2019-20**	**2020-21**
Capital/Revenue	**Actual**	**BE**	**BE**
	0.00	**0.00**	**0.00**

Financial performance of HOCL

5.5 In terms of turnover and net profit / loss for the last 5 years and net worth as on 31.3.2019 are given below:

(Rs. In crore)

Year	Turnover (Gross)	Net Profit / (Loss)
2014-15	167.19	(215.49)
2015-16	120.79	(173.91)
2016-17	158.21	(255.57)
2017-18	242.33	(203.45)
2018-19	471.99*	50.11
Net-Worth (as per new accounting standard Ind AS which includes revaluation of land and other assets) as on 31.03.2019: ***(+)Rs.105.88 crore*** *Net-Worth as per the Companies Act (excluding revaluation of land and other assets) as on 31.03.2019:* ***(-)Rs.958.07 crore***		

*After including other non-operational income of Rs.115.71 crore from disposal of assets of Rasayani unit, reversal of excess provisions etc., HOCL earned total revenue of Rs.587.70 crore and made net profit of Rs.70.80 crore during 2018-19. During 2019-20 (up to September, 2019), the company achieved a turnover of Rs.145.19 crore and suffered loss of Rs.45.06 crore, as per provisional unaudited results. Significant reduction in the selling price of Phenol & Acetone (main revenue earning products of HOCL) due to huge imports/dumping of both these products to India has adversely affected the company's performance during first half of 2019-20.

Restructuring plan of HOCL

5.6 Rasayani unit has been successfully closed down under HOCL's restructuring plan, significant progress has also been made in the implementation of other aspect of the restructuring plan as given above. However, disposal of unencumbered land assets of HOCL at Rasayani has been delayed due to various reasons. So far out of total of approx. 684 acres of land approved by the Govt. for sale to BPCL, sale & registration of only about 375 acres have been completed. Sale of balance approx. 309 acres land has been affected by law & order situation due to protests by the local villagers to fencing of the purchased land by BPCL and the delay in submission of the report by the Committee under Divisional Commissioner, Konkan, constituted by the Maharashtra Govt. to address the concerns and demands of villagers in respect of HOCL land sale to BPCL. The Department is closely following up the matter with the State Govt. at the highest levels for expediting resolution of the issues delaying disposal of HOCL's land.

5.7 In regard to imposition of safeguard duty on Phenol, the Committee enquired whether the Department had taken up the matter with DGTR. In reply, the Department has stated that the Department of Chemicals & Petrochemicals has requested to DGTR, DoC for expeditious imposition of safeguard duty on import of Phenol or any other remedial measures, vide OM No. C.II-13012/04/2019-Chem.II dated 30th October, 2019.

5.8 The Committee pointed out that capacity utilization of Kochi unit of HOCL came down during 2019-20 and asked for reasons and corrective steps theron. In this regard, the Department in a written reply stated as under:-

5.9 "The capacity utilization of the Kochi unit has come down mainly due to the following reasons:

i. Large scale imports of Phenol at un-remunerative prices in the first half of 2019-20 (upto September 2019) which affected the production / sales of main product viz. Phenol.
ii. The Phenol plant had to be shut down during the month of June 2019, due to high inventory of Phenol. The plant was further shut down for about 45 days during October/ November 2019, for changing the catalyst in the Cumene section, which is carried out once in two years. All the normal maintenance works of the plant were also carried out during the shutdown.
iii. The capacity utilisation of Hydrogen Peroxide plant has come down mainly due to non-receipt of Hydrogen from BPCL and also due to maintenance shut down.

5.10 Corrective steps being taken by HOCL to improve capacity utilization of Kochi unit are as follows:

i. The company has filed application for imposition of safeguard duty on Phenol imports with the Designated Authority (Directorate General of Trade Remedies), Ministry of Commerce. Decision of DGTR is awaited.
ii. Application for imposition of anti-dumping duty on Phenol imports from USA and Thailand, where the period of anti-dumping duty has expired, has also been filed by HOCL with DGTR.
iii. New customers of textile and paper industries for Hydrogen Peroxide are being enlisted to improve sales and capacity utilization of Hydrogen Peroxide plant."

HINDUSTAN FLUOROCARBONS LTD. (HFL)

5.11 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 Fluor 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 sold directly 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). 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 1997 and 2007 wage revision arrears 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 of HFL

5.12 In terms of turnover and net profit/loss for the last 5 years and net worth as on 31.3.2019 are given below:

(Rs. In crore)

Year	Turnover	Net profit / (Loss)
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.43.20 crore		

* As per the new accounting standard Ind AS

5.13 In view of the non-viability of the HFL's existing operations the Department moved a proposal for closure and the Govt/ CCEA on 22.01.2020 has approved the shutting down of the plant/unit of HFL and closure of the Company. The salient features of closure of HFL are as follows:

- All employees (except skeletal staff) to be separated through VRS/VSS as per DPE guidelines; non-VRS opting employees to be retrenched as per Industrial Disputes Act.
- GoI interest free loan of Rs.77.20 crore to be given to HFL for settling immediate closure related liabilities, including VRS/VSS expenditure, and to meet administrative expenses of skeletal staff.
- Appointment of NBCC as Land Management Agency to facilitate land disposal subject to Telangana Govt.'s decision to purchase the land.
- Appointment of MSTC for disposal of plant/machinery and movable assets through e-auction.

- Loan of Rs.77.20 cr. and other GoI dues of HFL are to be repaid from sale proceeds of land and other assets; loans/dues remaining unpaid due to insufficient sale proceeds to be written off/waived.
- Tentative timeline for completing all closure related formalities is 400 days.

Necessary action is being taken to implement the above CCEA decision for closure of HFL.

5.14 In regard to release of Rs 77.20 crore loan to HFL for settling immediate closure liabilities, the committee asked whether this matter is being pursued with Ministry of Finance. The Department in its reply stated as under:-

> "After CCEA approval on 22.01.2020 for closure of HFL, Secretary, D/o Chemicals & Petrochemicals, on 24.01.2020 has written to the Secretary, D/o Economic Affairs, for providing budgetary support/loan of Rs.77.20 crore to HFL in this Department's budget for 2019-20 so that the separation of employees can be completed by March-April, 2020. Further, Minister (C&F) vide DO letter dated 12.02.2020 has also requested the Hon'ble Finance Minister to include the loan provision for HFL in the Second & Final Batch of Supplementary Grants 2019-20. The Supplementary proposal for loan to HFL was separately sent by this Department *to DEA on 17.01.2020."*

HIL (INDIA) Ltd.

5.15 HIL (India) Ltd., formerly known as Hindustan Insecticides Limited (HIL), was incorporated in1954 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 setup a factory at Udyogamandal, 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 also diversified its business in to seeds and fertilizers sectors. The company has 7 Regional Sales Offices across India and a wide network of dealers for marketing and distribution of its products across India. 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.

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 ventured into a wide range of products and business such as seeds for crops and vegetables, trading of fertilizers, bio-pesticides and bio-fertilizers.

BUDGET ALLOCATION

(Rs in crore)

Account	2018-19	2019-20	2020-21
Capital/Revenue	BE	BE	BE
	0.00	0.00	0.00

5.16 No budget allocation was made to HIL (INDIA) Ltd. In the last three years. When asked whether there has been any demand for further capital infusion by the HIL in the recent past and the reasons for non allocation of funds Department in its written reply has stated as following:-

> " 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. Thereafter, based on the comments received from M/o Finance, 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 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, no funds were allocated for HIL during the last two years and the current year 2019-20."

Financial Performance

5.17 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 31.03.2019 are given below:

(Rs. In crore)

Year	Turnover	Net profit / (Loss)
2014-15	339.90	1.60
2015-16	334.75	1.83
2016-17	372.94	3.26
2017-18	432.66	3.41
2018-19	478.24	3.62
Net worth as on 31.03.2019: *Rs.103.85 crore*		

During current FY 2019-20, upto September, 2019, the company has achieved gross turnover of Rs.182.11 crore and net profit of Rs.1.04 crore, as per provisional unaudited result.

Exports

5.18 HIL achieved exports of Rs.10.12 crore during the year 2018-19 against Rs.32 crore in 2017-18. The company exported DDT, Malathion Technical and Agrochemicals to countries in Africa and Latin America during the year. HIL is planning to give more emphasis to exports in the coming years.

5.19 During study visit of the Standing Committee on Chemicals and Fertilizers to Kochi on 22.1.2020, the Committee were informed that HIL has made a five year plan for self-sustainability, with the target to increase the company's turnover significantly by the year 2024.The plan includes the following:

i. Modernize all the existing process plants to improve the quality and capacity in order to increase the marketability of the products including exports.
ii. Backward Integration of existing plants to produce imported key raw materials/intermediates to reduce import bill.
iii. Manufacturing facility of eco-friendly chemical pesticides and bio-pesticides and formulations plants at Ganjam, Dist. in Odisha subject to land allotment by DPIIT, M/o Commerce and Industry.
iv. Expand the capacity of LLIN Plant from 5 Million to 20 Million, which will increase turnover of LLIN to Rs. 400 Cr.
v. Setting up of Bio-Larvicide (Bti) and Neem based products with the financial support of UNIDO.
vi. Setting up of new manufacturing plants for Bio-Pesticides at Udyogamandal Unit of annual capacity 250 MT. The plant is scheduled to be commissioned by September, 2020.
vii. Production and export of hybrid oil seeds in the seed segment in order to have more shares in the seed sector in India.
viii. Diversify into production of Micronutrient and Nano fertilizer.

The Committee were informed that the above plan is subject to HIL being able to generate funds for working capital of Rs.200 Cr and CAPEX of Rs.200 Cr.

5.20 When asked whether HIL has its own R&D facilities for innovation and development in the field of insecticides and whether any assistance is proposed to be provided by the Department to HIL in this regard the Department in its written reply has furnished the following information:-

> HIL is having an R&D facility at its Unit at Udyogamandal, Kerala which is giving technical support to the commercial plants of the Unit by providing assistance in the improvement/maintenance of the quality of the products, perfecting the technology of newly commissioned plants, achieving the quality and capacity of the plants, improvements in the raw material efficiency/reduction in the process duration, development of new formulations, etc. A R&D facility is under construction at company's Rasayani unit, Maharashtra, which will be assisting in perfecting the technology and commercialization of the LLIN plant coming at the Unit. This facility will support the activities of the other process plants also. In addition to the above, autonomous bodies under the Department like IPFT and CIPET are engaged in R&D activities in the field of pesticide formulations, polymeric materials, etc. The outcome of such R&D activities, wherever applicable, are also shared with HIL. For example, CIPET has supported HIL in the development of LLIN technology and IPFT is supporting HIL in the commercialization of Neem based botanical pesticides."

5.21 When asked about the reasons for very low capacity utilization of agro-chemical units both at Rasayani and Kochi during 2019-20 and steps taken to improve the situation the Department has furnished the following written reply:

> The reason for low capacity utilization of agrochemical units at Rasayani and Kochi is the constraint in procuring raw materials due to severe liquidity crunch being faced by HIL. Insufficient working capital adversely affected procurement of raw materials which resulted in reduced production/capacity utilisation. Also due to low capacity utilization and inability to upgrade the vintage plants, the cost of production is high which impacts the company's market competitiveness. To overcome these constraints, following steps are being taken by HIL:

- Company has increased the credit period for vendors to 4 months commensurate with the credit terms from customers.
- Importing key raw materials directly from manufacturers in China instead of through Indian traders with better payment terms.
- Company is in the process of enhancement of CC limit with banks.
- Monitoring of collection/receivables from debtors.
- Removing process bottlenecks through technological upgradation and revamping the plants.
- Payment of compensation by NHAI & HSVP (formerly HUDA) for the company's land at Gurugram acquired for road widening.
- Monetisation of surplus land assets of HIL.

5.22 HIL is the only manufacturer of DDT in the country and it supplies DDT exclusively to national Vector Borne Disease Control Programme (NVBDCP) of Ministry of health and Family Welfare. In this regard, during oral evidence the committee were informed that HIL suffers from working capital shortage mainly due to delay in DDT related payments by NVBDCP.

5.23 Further when asked what concrete steps are proposed to be taken to venture into fields of Neem and Bti based bio-pesticides and fertilizer coated with pesticides formulations by HIL. The Department in its written reply has stated that :

> "HIL is venturing into Bti based bio larvicide and Neem based botanical pesticides with the financial support of UNIDO. HIL Board has 'in principle' approved setting up of Neem based Botanical pesticides plant at Bathinda Unit with technology from IPFT. HIL has signed an MoU with IPFT in this regard. The company is in the process of preparing DPR for scale up of pilot scale technology to commercial scale and setting up the plant."

B. **Autonomous Organizations**

Central Institute of Plastics Engineering & Technology (CIPET)

5.24 CIPET is an ISO 9001:2015 QMS, NABL, ISO/IEC 17020 accredited premier national Institution under the administrative control of Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Govt. of India fully devoted to Skill development, Technology Support, Academics and Research & Development (STAR) activities for the growth of Polymer & allied industries in the country. CIPET operates through its 37 Centres spread across the country which includes 7 Institute 3 of Plastics Technology (IPTs), 23 Centres for Skilling and Technical Support (CSTS), 03 School for Advanced Research in Polymers (SARP), 3 sub-centres and 01 Plants Waste Management Centre. Apart from the above, CIPET is also in the process of establishing 9 more Centres at different parts of the country including 4 Plastic Waste Management Centres. 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.

CIPET conducts 13 different long term training programme viz. Diploma, Post Diploma, Post Graduate Diploma, Undergraduate, Post Graduate and Ph.D. programme with varying levelof entry qualifications. In line with the "Skill India Mission" of Govt. of India, CIPET also focus on Skill development training programme in the entire gamut of Plastics Engineering & Technology. In line with National Skills Qualifications Framework

(NSQF) norms & guidelines, at present CIPET is conducting 37 approved programme in the field of Plastics Engineering & Technology. Apart from training programmes CIPETs also offer technology support services, consultancy and advisory services in the field of Plastics Engineering & Technology. CIPETs are also involved in research & development activities.

Financial Performance (un-audited)

5.25 During the financial year 2019-20, CIPET has planned to generate income of Rs.355.00 crore with the budgeted revenue expenditure of Rs.320.00 crore. CIPET has enriched civil & technical infrastructure facilities which has resulted in ensuring the consistent growth in all the domains of plastic engineering & technology viz., Skill Development, Technology Support, Academic and Research & Development and had been operating on self-sustainable mode since 2008-09 onwards.

BUDGET ALLOCATION

(Rs in crore)

Account	2018-19	2019-20		2020-21
Capital/Revenue	Actuals	BE	RE	BE
	72.00	80.00	81.50	98.25

)

5.26 When asked for the details of projects for which Rs. 98.25 crore is proposed to be utilized, the department in its written reply has furnished the following details:-

Sl. No.	Name of Scheme	BE 2020-21 (Rs.in Crores)
1	R&D in emerging areas	
2	Creation of Residential Hostel to augment increase in intake capacity of the Existing & New Academic Programs	25.20
3	Establishment of Centre at Gwalior (MP),Vijayawada(AP), Baddi (HP) and Raipur (Chattisgarh)	-
4	Enriching Technical Infrastructure facilities & capabilities to meet industry needs.	3.29
5	Establishment of HLC at Jaipur (Rajasthan)	12.16
6	Establishment of OLC at Ranchi (Jharkhand)	2.76
7	Establishment of OLC at Chandrapur (Maharashtra)	2.64
8	Establishment of VTC at Agartala (Tripura)	
9	Establishment of OLC at Dehradun (Uttarakhand)	3.46
10	Establishment of VTC at Varanasi (Uttar Pradesh)	14.05
11	Establishment of VTC at Medak(Telangana)	
12	Establishment of VTC at Jammu/ Kashmir	10.00
13	Establishment of VTC at Motihari/bhagalpur(Bihar)	10.00

14	Establishment of VTC at Mumbai(Maharastra)	10.00
15	Establishment of Advanced Polymer Design & Development Research Laboratory (APDDRL, Bengaluru)	4.69
	Total	**98.25**

5.27 When asked about the curtailment of funds in the the financial year 2019-20 the Department in its written reply has stated that against the request of Rs.110.00 crores, only an amount of Rs.81.50 Crores was allotted to CIPET in RE 2019-20. Due to lack of adequate budget, the construction of hostels in some CIPET centres has been postponed. Some of the procurement plan of machinery was also postponed due to budget constraint.

5.28 When asked about the steps taken to open more CIPET institutes so that youth can be skilled at par with industry demand and provided gainful industrial employment the Department in its written reply has stated as following:-

> The Department is proactively taking various steps to open more CIPET centres so that youth can be skilled at par with industry demand and may provide gainful industrial employment. The matter to expedite the approved CIPET centres, where the progress could not be taken due to delayed response from the State Governments, are being taken up at the highest level including Hon'ble Minister (C&F) level. Moreover, various proposals for setting up of CIPET sub-centres at Patna, Bihar and Andaman & Nicobar are also being taken up with the respective State Governments/UT's.

5.29 Standing Finance Committee (SFC) on CIPET's programmes held under the Chairmanship of Secretary (C&PC) on 21.10.2019 at New Delhi has approved setting up of Plastic Waste Management centres at four CIPET centres. When asked about the location and funds required these PWMCs the Department in its written reply has stated that

> The four Plastic Waste Management Centres are proposed to be set up at the following places;
>
> 1. Ahmedabad
> 2. Bengaluru
> 3. Patna
> 4. Varanasi

It further added that the proposal of CIPET was approved by SFC on 21.10.2019. An additional amount of Rs.30.00 crore was sought for FY 2019-20 from the

Ministry of Finance through IFD but the same could not be received. Therefore, due to lack to adequate budget, amount could not be released to CIPET for setting up of Plastic Waste Management centres at four CIPET centres. Further, identification of land for Plastic Waste Management Centres (PWMC) is under progress.

5.30 During its study visit the Committee also undertook on the spot visit to CIPET Chennai on 23-01-2020. The Committee held informal discussion with the representatives of Department of Chemicals and Petrochemicals and CIPET. The Committee were informed that:

> There is a need to open more CIPET institutes in other parts of the country so that youth can be skilled at par with the industry demand and help in gainful industrial employment generation.
> Director General, CIPET placed before the Committee the need to change the full form of CIPET from Central Institute of Plastic Engineering & Technology to Central Institute of Petrochemical Engineering & Technology which will be more appropriate and commensurate of the curriculum and training programmes being imparted there.

5.31 During oral evidence of the Department of Chemicals and Petrochemicals on Demands for Grants of 2020-21, the Committee enquired about the R&D and technology support services being done by CIPET. In reply the Director General of CIPET made the following submission:-

> "Hon. Chairperson, there are two questions. The first is regarding R&D and the other is regarding technology support service. As the hon. Secretary told you, in the last five years, we have given 3,60,000 technology support services to the industries. In the next five years, we are going to give five lakh technology support services to the industries. So, we have a very strong technology support wing in each of the CIPET centre which takes on day-to-day basis industries' problems like on the-spot problem, machine, raw material etc. We sort out these problems. In addition to that, hon. Chairperson asked what support we are giving to the industry. When a young boy comes to start the industry, he is not sure that if he invests money in a plant, the industry will survive. For the first six months, he uses our infrastructure, plant and machinery with minimum working capital. Once he makes the product, he goes to the market; we support him in the market. When his product is sold for six months, he gets confidence; then we help him in preparing TFR, help him in the bank and he starts the unit. This is how the industry goes. Besides, we have three R&D wings. We are working on plastics in agriculture, tailor-made coatings, eco-friendly coatings, clean water, alternate power, healthcare, waste management, and product development, particularly in the new materials in fuel cells, conductive polymers, bio-sensors and all these latest products. When we develop an intellectual property, there are two ways. One is that mostly our research goes with the industries. Industries come with a problem, we support that and the industry takes the technology.

Although we have more than 50 patents, the reason why we do not have enough number of patents is that the entire technology has gone to industries like Boeing, Hyundai etc. In addition to that, we have a Centre of Excellence which is support by the Department. There, the industry takes the technology from us and establishes whatever import substitutes are there. We are going to set up a one-of-its-kind INNOVEX in Chennai where the industry will use the infrastructure also. You will be happy to know that we are running on a self sustainable mode, whether it is technology, academics or research, for last ten years. It has been possible because of the constant support from the Department. As regards to academics which is our mainstay, we are one-stop shop. You have IIT, NIT, Central Universities etc. Ours is one organization which has been categorized as an IPT-CST sub-centre. We have a six-month programme, a three-month programme, a one-year programme, a one-and-a-half-year programme, four-year programmes and fiveyear integrated programmes since an industry needs an assistant operator, an operator, a shift supervisor, a production manager, and an overall in charge. We have very strong alumni. All our people's names, which companies they are working in, their aadhaar card base, etc. are put in the skilling portal. Otherwise, skilling cannot be as per the NSQF guidelines. As regards the question of foreign placements, based on the course, the students go abroad, particularly to the Gulf countries like Qatar, Oman and Dubai, skilled students mostly go; diploma people go to Kenya, South Africa, Nigeria and SAARC countries; M. Tech. and Ph. D. mostly to Europe, USA and Canada. This is how the distribution is. I do not say this is where the maximum people go but you will find this. If you go to any petrochemical industry, plastic industry, or any big industry which are run by foreign companies, you would find a CIPET-ian either explaining the technical aspects or involved in the production. The details are there, and we can produce it"

5.32 When the chairperson of the Committee asked about the percentage of women students in CIPET, the DG, CIPET stated as under:-

"The admissions are done as per the Government quota, women quota and all that is there. You will be happy to see that there are women candidates particularly from Naxalite areas like Korba. You can see 16-year old and 17-year old girls who have been picked up from their place because they do not have anything, having been trained, working at Bengaluru, earning, and sending Rs. 5,000 to their hometown so that their families are taken care of. There are a lot of women"

Institute of Pesticide Formulation Technology (IPFT)

5.33 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.

5.34 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	2018-19	2019-20		2020-21
	ACTUAL	BE	RE	BE
Capital/ Revenue	7.50	8.00	8.00	11.00

5.35 When asked about the proposed utilization of the enhanced funds in the Department in its written reply has furnished the following reply:

Grant-in-Aid (Salary): During the year 2019-20, a total Grant-in-Aid (Salary) of Rs. 350.00 Lakhs was sanctioned and the same is requested from Govt. of India for the year 2020-21. The excess expenditure, if any, will be borne by the Institute from the its income in lieu of approval of Revised Recruitment Rules and appointment made thereon.

Grant-in-Aid (General): During the year 2019-20, a total Grant-in-Aid (General) of Rs. 150.00 Lakhs was sanctioned, however, the expenditure under this head is more than Rs. 250.00 Lakhs.

Grant-in-Aid (CCA): As present several project on pesticide residue monitoring are going on at IPFT and on an average more than 12000 samples/ year are being analyzed in the Analytical Lab and the number of samples are likely to be

increased much more in the coming years, therefore, the present equipment at IPFT i.e. only one GC-MS-MS & one LCMS-MS (triple Quad) which is more than 12 years old equipment are insufficient to cater to the present need and future requirement of analysis. Residue analysis work load on the existing equipment are too large to analyze within stipulated time period and timely issuance of reports. Hence additional equipmentis required for timely completion of analysis. In addition, some other equipmentis required to enhance the scope of analysis of the laboratory, which will definitely a step forward to the Institute towards self-sustainability. IPFT has implemented GFR-2017 and making all purchase and procurement through GeM/CPP Portal only.

5.36 During oral evidence of the representatives of the Department of Chemicals and Petrochemicals on Demand for Grants, 2020-21, a representative of IPFT informed the Committee to the query of the chairperson about the pesticide residues in the soil, water and air as follows:-

"Madam, you had asked about the pesticides residue in soil, water and air. This Institute is engaged in and support 3-4 different scenarios. First, as the industry has to introduce some new products, they have to develop data. So, we are the CIB recognised Institution. The industry approaches us and we conduct the study for the dissipation in the soil and water. We give the safety data about the product. We tell how long it persisted in soil and in the air as per CIB guidelines. If they follow it, then we say that it is all right and this way, we support the industry. Secondly, we do the actual scenario as to what happens to the pesticides after it is used by the farmers. We conduct the experiment by collecting the samples through farmers, markets and also in different ways. We run different types of projects. In the State of Rajasthan, we are monitoring the pesticides because there have been instances where the residues have been reported in spices and sometimes our consignments have been stopped. They are also questioning the samples. So, we approached them and submitted a proposal. Therein we would be doing very intensive study for the years and we have already completed one year. We have analysed over 10,000 samples of each area and each crop. We are covering each aspect of that. We found that these pesticides contaminated approximately 9-10 per cent of the samples. Thereafter, we analysed how much is the pesticide which may be injurious because it crossed the maximum residue limit which is recommended by the FSSAI. As it is the first year, now we will be giving the feedback and tell in which area most the residue has been found. We will concentrate on that and we will be doing the training of farmers in the form of good agricultural practices. Besides that, we are part of one of the national programmes which is conducting a study of residue all over the country in small pockets. We have been assigned the task in the State of Haryana only for few districts like Ballabhgarh and Faridabad. We are taking water samples and also commodity samples. We are giving them feedback. There also the next step would be to give training to farmers for good agricultural practices in those targeted areas so that they use right amount of pesticides. We would also look into the reasons as to why these pesticide residues are coming. In our country, we are using the old generation pesticides like dust

because that is cheaper. Sometimes, the farmers cannot afford the costly products although it is not costly in terms of totality. He is using the dust of the MLC concentrate which is obsolete in other countries. They are not using it now but our farmers are using it. So, our Institute is engaged in developing environment friendly pesticides. Mr. Secretary has already highlighted that we are transferring the technology to the industry. The industry comes to us and they tell us that they need this type of product which is suitable at the national level as well as international level. So, we develop technology for them. Besides that, the Institute is engaged in developing bio-pesticides because now-a-days the trend is going from synthetic pesticides towards the bio-pesticides. So, we are working on those lines

Chapter VI

BHOPAL GAS LEAK DIGASTER (BGLD)

6.1 On the intervening night of 2nd and 3rd 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 unparallel in its magnitude and causing serious injuries to a large number of population 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. Government of India enacted an act known as The Bhopal Gas Leak Disaster (processing of Claims) Act, 1985. The Act came into force on 20th February, 1985. It empowered the Union of India to take over the conduct of all litigation 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. Looking to the magnitude of the human suffering that occurred due to BGLD, Hon’ble Supreme Court of India passed a settlement order dated 14th and 15th 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. The actual disbursement of the compensation started from 1992 and the Office of the Welfare Commissioner awarded/disbursed Rs.1549.32 crore as compensation in settled cases of 5,74,393 claimants belonging to the categories of death, permanent disability, temporary disability, injury of utmost severity cases, minor injury, loss of property/PSU and loss of livestock till December,2019.

Major Head 2852 – Industries- Bhopal Gas Leak Disaster (BGLD)

(Rs in Crore)

Account	2018-19	2019-20		2020-21
	Actual	BE	RE	BE
	20.98	21.42	27.95	31.80

6.2 When asked Whether the claims of all the victims and their successors settled, and details of number of claimants to whom ex-gratia/ compensation has been provided

and the number of claimants to whom ex-gratia/compensation is yet to be provided, the Department in its written reply has stated that:

> An amount of Rs. 874.28 crore was approved by the Government for making payment of ex-gratia to an estimated 62,448 gas victims in the category of death, permanent disability, injury of utmost severity, cancer, total renal failure and temporary disability. A sum of Rs.835.06 crore has been awarded in 49,972 cases and 11,505 cases were rejected till 31st January, 2020. The disbursement of ex-gratia is continuing.

6.3 When during oral evidence of the representatives of the Department of Chemicals and Petrochemicals in Demands for Grants 2020-21, the Committee enquired about the time frame for completion of the task of compensation, Joint Secretary, D/O C&PC stated as under;-

> "Sir, two additional categories were added for ex-gratia payment to whom no original compensation was given. They are: cancer cases and total renal failure. All these cases are basically administered by the office of the Welfare Commissioner. There is no shortage of funds. It is only a matter of time that they have to finally pass a judgment. Let me also tell you that each and every case is decided in a judicial manner because office of the Welfare Commissioner is headed by a hon. sitting judge of Bhopal High Court. Then we have the Additional Commissioner who is also from the judiciary. Then we have the Deputy Commissioner who is also from the judiciary. So, it is an entirely judicial proceeding. After the orders are passed, the compensation or ex-gratia amount is disbursed to the persons".

6.4 Registrar of the Office of the welfare commissioner, Bhopal Gas Leak Digaster submitted before the Committee as under:-

> "Yes, Sir. The disputes are coming up. In the earlier round of litigation, original compensation was distributed then interest accrued on the amount of Rs.470 million. That interest was again through the direction of hon. Supreme Court to be distributed amongst 5,72,000 gas victims.This procedure is still going on. Most of them have now been compensated. A few of them, only ten or eleven thousand who did not attend, are still there. They are not traceable because they have migrated to some other places.We have ex gratia payment also. The ex gratia payments of around Rs. 837 crore have been distributed to the victims of cancer, kidney problems and various other categories as enumerated by hon. Secretary. The claimants who are not satisfied with the award of Deputy Welfare Commissioner, Additional Welfare Commissioner and Commissioner, approach the High Court and Supreme Court. So, these matters are pending."

6.5 In regard to amount of compensation/ex-gratia, the Committee were informed during the course of evidence as follows:-

"There are categories like this: (1) death, (2) injuries of outmost severity, (3) permanent partial disability, (4) temporary disability, and (5) total renal failure. We have covered the first three categories with original compensation as well as pro rata out of the funds which were paid by the Union Carbide. The next two categories were added for payment from Government of India's funding. For death, the total amount which was decided to be paid was Rs.10 lakh in total including original, pro rata and ex-gratia. All three should not exceed Rs.10 lakh. Rs.10 lakh was the amount to be paid to the families of a person who has died due to gas leak. For injury of outmost severity, the amount fixed is Rs.5 lakh in total. For permanent partial disability, the amount is again Rs.5 lakh. For cancer it is Rs.2 lakh. For total renal failure it is Rs.2 lakh. For temporary disability it is Rs.1 lakh. This was the scale of compensation decided".

6.5 When asked further about the reasons for delay in settlement of claims and the time by which all the claims are likely to be settled the Department in its written reply has stated as under:-

20,540 applications (14,303 Cancer and 6312 Total Renal Failure) have been received in the Office of the Welfare Commissioner, Bhopal Gas Victims, Bhopal till 31.07.2019. Since no cut-off date has been fixed for receiving applications under these categories, applications are being continuously received for compensation under these categories. The claims filed by the victims are decided through Judicial Procedure under the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985 and the Scheme framed there under, which provides for claimant's right to appeal. If a claimant is not satisfied with the decision of Deputy Welfare Commissioner, he is entitled to file an appeal as well as revision under the Act. All the services of the Officers adjudicating the claims are obtained on deputation from Higher Judicial Services as also from Judicial Services of State Judiciary under M.P. High Court. The pending appeals/revisions as of July, 2019 in various courts are indicated below:-

Appeal Court	1672
Revisional Court	652
Hon'ble Supreme Court	27

Unless these appeals/revisions are decided by the Competent Court no probable date of settlement of Ex-gratia gas claims can be given.

6.6 When asked about the remediation of the site from where the toxic waste has still not been removed, joint secretary of the Department of Chemicals and Petrochemicals informed the Committee during oral evidence as under:-

"There is another programme related to the remediation of the site and also ensuring that there is no environmental contamination anymore. For that, there has been some issue. The work has to be done by the Government

of MP because the Government of India, the Group of Ministers and the Cabinet decided that, because the land is leased by the Government of MP and authority being the State Government, it should be done by the State Government but under technical supervision of the Central Government, Ministry of Environment, Forest and Climate Change. The DCPC has been the nodal Ministry coordinating the entire thing. Due to various reasons, the things could not really take place and, finally, the Supreme Court gave the direction to undertake the best method of disposal of whatever is lying there. So, a trial run was taken under the direction of the Supreme Court to incinerate 10 metric tonnes of about 350 metric tonnes of waste which is lying there. That was successfully done. Now, the process is on to incinerate the remaining waste and then go for the site remediation and to ensure that there is no further contamination and environmental degradation."

6.7 When further asked about the time frame within which the site will be cleaned joint secretary of the Department of C&PC informed the Committee during oral evidence as under:-

"As far as site remediation is concerned, actually it depends on the Government of MP. Government of MP has to implement the entire programme. There is no shortage of funding. They have to basically go ahead and do the disposal work in consultation and under the technical guidance of Ministry of Environment and Forests. The DCPC is only trying to coordinate the entire effort. Each and every time we are trying to resolve the problems and bottlenecks. But somehow, due to various reasons, it has not yet taken place. Now we have really decided to take it to the Oversight Committee which is headed by the Minister, Ministry of Environment and Forests."

OBSERVATION/RECOMMENDATIONS

Recommendation No. 1- Production of Chemicals and Petrochemicals

The Committee note that the Chemical industry is knowledge intensive as well as capital intensive industry and it is an integral constituent of the growing Indian industry. It includes 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. Projection of production and consumption of chemicals and petrochemicals in the country during 2019-20 is 51,241 Metric tons and 59,202 Metric tons respectively. Gap between the production and consumption is met through imports. During 2018-19, the country imported Chemicals and Petrochemicals worth Rs. 3.95 lakh crore. Since it is very much necessary to augment domestic production of chemicals and petrochemicals according to the requirements of the country and to contain the huge expenditure on imports, the Committee recommend the following:-

(i) The Government should initiate suitable measures to augment production of Chemicals and Petrochemicals which are required to be imported for use in the country.

(ii) Since it is a capital intensive industry, sufficient incentives should be given to attract mega investments in this sector and delays in according approvals should be minimized.

(iii) All initiatives should be made to set up world scale capacity plants in the country with world class infrastructure.

(iv) There is a need to Increase capacity utilization of domestic units along with the addition of new capacity in the country. All necessary

steps should be taken to increase the capacity utilization of existing plants.

Recommendation No. 2 Review of structure of taxes on Chemicals and Petrochemicals

During the deliberations it was repeatedly noted that in many product categories, the Indian manufacturers are not able to compete with cheaper imports from different countries. Since the chemicals and petro-chemical sector is critical for the Indian economy, it is important that the issue of tariff protection to the domestic manufacturers is re-visited again. The Committee strongly recommend that the Department should set up a high level group to review the structure of taxes-both customs as well as GST applicable to the chemicals and petro-chemicals sector with a view to provide impetus for increased domestic production. The Committee should also have representatives from the Ministry of Finance, private sector and the industry chambers. This group must be constituted immediately with directions to furnish their recommendations within 8 weeks. The Committee would like a separate Action Taken Report on this from the Department.

Recommendation No. 3- Budget allocation ot the Department of Chemical and Petrochemicals

The Committee note that the BE for the Department of Chemicals and Petrochemicals is Rs. 218.34 crore against the requirement of Rs. 227.56 crore proposed by the Department for the year. Budget Estimate (2020-21) proposed by the Department for Bhopal Gas Leak Disaster (Rs. 31.80 crore), Central Institute of Plastic Engineering (Rs. 98.25 crore) and Institute of Pesticides Formulation Technology (Rs. 11 crore) have been allocated entirely without any curtailment. However, allocation for "New Schemes of Petrochemicals", under which the requirement of fund for two sub-schemes viz. "setting up of Plastic Parks" and

"Setting up of Centres of Excellence in Polymer Technology", has been curtailed from the proposed amount of Rs. 60.86 crore to Rs. 53.79 crore. But the average of actual expenditure for the scheme from the year 2015-16 to 2019-20 was only 73.9% of the total amount allocated for the scheme. Hence, the Committee recommend that the Department should make proper analysis of the requirement of funds for specific schemes and all efforts should be made by the Department to utilize fully the allocated funds so as to enable the Ministry of Finance to allocate full funds proposed by the Department for its schemes.

<u>Recommendation No. 4- Setting up of Plastic Parks</u>

The Committee note that the Department is implementing a plastic Park scheme. The Scheme aims at setting up of need based plastic parks which are the ecosystems with State of the art infrastructure enabling common facilities through cluster development approach, to consolidate and synergize the capacities of the domestic downstream plastic processing Industry. The other objective of the scheme is to contribute to the economy by increasing investment, production, export and generation of employment. Under the scheme, the Government of India provides grant funding up to 50% of the project cost, subject to a ceiling Rs. 40 crore per project. In the first phase of the project, the Government approved six Plastic Parks viz. two in the State of Madhya Pradesh and one each in the states of Odisha, Assam, Jharkahand and Tamil Nadu. In this regard, the committee are concerned to note none of these Parks have stared actual production activities in their parks. Physical progress of work has now only been completed in Tamot, Madha Pradesh and Paradeep, Odisha even though these parks were given approval in 2013. In other four parks, the progress of the work Is not very significant. In the second phase, four more parks have been approved for the states of Uttarakhand, Chhattisgarh, Haryana and West Bengal which are in DPR stage. In view of the significance of these parks to increase the

production and export of plastics and in generation of employment, the Committee recommend that the Department should take concrete steps for creation of complete infrastructure of all the six parks of the first phase within a definite time frame and to sanction and start the works in four parks approved in the second phase by taking up the matter with the State Governments concerned at the highest level.

Recommendation No. 5- Response of entrepreneurs to Plastic Parks

The committee are concerned to note that there is lack of enthusiastic response from entrepreneurs to set up their units in plastic parks particularly due to high cost of land, high cost of raw material etc. The Committee in this regard note the steps taken by the Department to convince the State Governments to reduce the cost of land, give land to entrepreneurs on lease/rent basis, to provide special discounts on raw materials etc. Since creation of just infrastructure without proper responses from entrepreneurs will defeat the very purpose of the scheme, the committee recommend that the Department should impress upon the concerned states about the long term benefits of these parks to the country's economy and convince them either to reduce the cost of land or to provide land on lease/rent basis to the entrepreneurs to enable them to set up their units without financial difficulties. Department should also take steps to supply raw material on discounted rates to the units in the plastic parks. Publicity to the plastic parks should also be made in the events organized by the Industry Associations a so as to attract entrepreneur to set up their units in the plastic parks.

Recommendation No. 6 Sale of Land of HOCL

The Committee note that the Government of India approved a restructuring plan for HOCL on 17.05.2017. So far out of total of approx. 684 acres of land approved by

the Government. for sale to BPCL, sale & registration of only about 375 acres have been completed. Sale of balance approx. 309 acres land has been affected by law & order situation due to protests by the local villagers to fencing of the purchased land by BPCL and the delay in submission of the report by the Committee under Divisional Commissioner, Konkan, constituted by the Maharashtra Govt. to address the concerns and demands of villagers in respect of HOCL land sale to BPCL. In this regard, the committee note that the matter is being followed up with the State Government at the highest level for expediting resolution of the issues . The committee recommend to resolve the issue at the earliest by convincing the local people about the ownership of the land and by providing them alternative land or suitable compensation by the State Government.

Recommendation No. 7 Kochi Unit of HOCL

The Committee are dismayed to know that imports of phenol at low prices is adversely affecting the finances of HOCL Kochi unit. Kochi unit achieved turnover of Rs 472 crore and net profit of Rs 22.47cr in FY 2018-19 however, imports of phenol at low prices has once again pushed the unit towards a net loss of 58.49 crore in FY 2019-2020 (upto 3.2.2019). In this regard, HOCL has also applied to DGTR, M/o Commerce for imposition of safe guard duty on phenol imports and anti-dumping duty on Phenol imports from USA and Thailand. The Committee strongly recommend that the Department should take up the matter more vigorously with the M/o Commerce for imposition of safe guard and anti-dumping duties on phenol for resolving the HOCL's grievance so that closure of one more PSU can be averted.

Recommendation No. 8- Closure of HFL

The Committee note that in view of the non-viability of the HFL's existing operations, the Department moved a proposal for closure and the Govt/ CCEA on

22.01.2020 has approved the shutting down of the plant/unit of HFL and closure of the Company. All employees (except skeletal staff) are to be separated through VRS/VSS as per DPE guidelines; non-VRS opting employees are to be retrenched as per Industrial Disputes Act. Government of India proposes to provide an interest free loan of Rs.77.20 crore to HFL for settling immediate closure related liabilities, including VRS/VSS expenditure, and to meet administrative expenses of skeletal staff. The committee note that the interest free loan of Rs 77.20 crore has not been released and no allocation has also been made in the BE of 2020-21. In View of this, the Committee are concerned about the fate of the employees of HFL and recommend that the interest free loan to HFL should be released without further delay so that the employees who are to be given VRS/VSS do not face any hardships.

<u>Recommendation No. 9 HIL (India) Ltd.</u>

The Committee observe that the authorized and paid up share capital of HIL(India) Ltd is Rs.100 crore and Rs.91.33 crore respectively. 100% of its shares are held by the Govt. of India. The Committee are satisfied to know that after implementation of revival package sanctioned in 2006-07, HIL (India) has been continuously posting profits. HIL (India) Ltd has now ventured into a wide range of products and businesses such as seeds for crops and vegetables, trading of fertilizers, bio-pesticides and bio-fertilizers. The Committee were apprised that HIL (India) Ltd has made a five year plan for self-sustainability, with the target to increase the company's turnover significantly by the year 2024. The Committee were informed about the detailed plan of HIL (India) Ltd and the Committee are of the view that if the plan is executed it would be profitable not only for HIL (India) Ltd but also to the economy and would boost employment generation. However Committee also note that the plan is subject to HIL being able to generate funds for working capital of Rs.200 Cr and CAPEX of Rs.200 Cr. The Committee

therefore recommend that the Department shall take necessary steps to help HIL India to raise the required capital to achieve the above mentioned plan. Department should also financially help HIL in its Research and Development efforts. Further the Committee take a serious view of continuous delays in payments for DDT supplies from NVBDCP of Ministry of Health and Family Welfare which affects the working capital of HIL. In this regard the Committee recommend that the matter should be taken up at the highest level with that Ministry for early DDT payments. This recommendation of the Committee should be sent to the Ministry of Health and Family Welfare for specific action taken reply by it.

Recommendation No. 10 CIPET

The Committee are note that CIPETs are doing commendable job in skilling the youth in polymer technology and helping them to gain employment not only in India but also in foreign countries and thus helping in bringing remittances to the country. The Committee are happy to note that almost 5 lakhs student have been trained/skilled at various CIPET centres so far and are of the view that more CIPET centres would cater to the need of youth in getting gainful employment. The Committee are satisfied to note that students from rural areas and left wing extremism hit areas are also joining CIPETs particularly young women of these areas are getting remunerative jobs after training in CIPET centres. In view of the above, the Committee recommend to open more CIPET centres in other parts of the country so that youth can be imparted skill training as per the demand of the industries and help them in gaining useful employment. The Committee also recommend that proper reservation rules of the Union government should be followed while giving admission in CIPET centres for various courses. The Committee may be furnished the information on the

number of students admitted and passed belonging to various categories viz. SC, ST, OBCs, women and economically backward persons during the last 3 years.

Recommendation No. 11- change of nomenclature of CIPET

5. The Committee note that CIPET conducts 13 different long term training programmes viz. Diploma, Post Diploma, Post Graduate Diploma, Undergraduate, Post Graduate and Ph.D. programme. Apart from training programmes CIPET offers Technology Support Services (TSS) in the entire spectrum of Plastic Engineering & Technology. The Committee observe that changing the nomenclature of CIPET from Central Institute of Plastic Engineering & Technology to Central Institute of Petrochemical Engineering & Technology would be more appropriate in terms of wide scope of course curriculum of the institute. The Committee are of the view that the new name proposed by CIPET is more representative of the course curriculum and training imparted in the institute. Hence the Committee recommend that the name of CIPET may be changed to Central Institute of Petrochemical Engineering & Technology from Central Institute of Plastic Engineering & Technology.

Recommendation No. 12 - Setting up of Plastic WMCs

The Committee note that four plastic Waste Management Centres (WMCs) are proposed to be set up at Ahmedabad, Bengaluru, Patna and Varanasi Centres of CIPET. The Department sought an additional amount of Rs. 30 crore during 2019-20 from the Ministry of Finance for setting up of these WMCs but the same was not received. Presently identification of land for WMCs is under progress. In this regard, the Committee are of the view that WMCs are very much necessary in cities to manage huge amount of wastes being accumulated daily particularly the plastic wastes. The Committee, therefore, recommend that swift action should be taken by the Department and CIPET in setting of these four WMCs in a time bound

manner. Budgetary support for the purpose should be provided in RE/supplementary demand this year by impressing upon the Ministry of Finance about the importance of these centers. Moreover, steps should also be taken to set up WMCs in other cities in the country.

Recommendation No. 13- Institute of Pesticide Formulation Technology (IPFT)

The Committee note that Institute of pesticide Formulation Technology (IPFT) is the only institute of its kind in the country devoted to the development of state of the art and environment friendly new generation Pesticide formulation technologies for safer environment and also to develop methods for the detection and analysis of pesticides and their residues. An enhanced amount of Rs. 11 crore has been provided in BE, 2020-21 to enable the institute to acquire laboratory equipment to cater to the present need and future of analysis of samples of soil for detecting pesticide residues. In Committee's view role of this institute should be strengthened and the Committee would like to make the following recommendations:-

i. **Institute should develop environment friendly, cost effective pesticides for use by farmers. Bio-pesticides should be developed and should replace the synthetic pesticides throughout the country.**
ii. **Quantum of pesticides residues in soil and water bodies should be analyses/tested in all the states and UTs of the country and suitable measures should be taken in coordination with the State Governments concerned to educate and train the farmers to enable them to follow good agricultural practices particularly to use right amount of pesticides for crop cultivation.**
iii. **Department should examine the feasibility of opening more branches of this Institute so as to have at least one institute in each of the four regions of the**

country to enable it conduct analysis of soil and water in time bound manner.

Recommendation No.14- Removal of toxic waste in UCIL, Bhopal

7. The Committee are highly perturbed to note that even after 35 years of the Bhopal Gas Leak Disaster there is a huge pile of toxic waste still lying at the UCIL site. It could not be disposed of due to one reason or another. The toxic waste may contaminate the ground water and is a potential health hazard for the people living in the area. In this regard, the Committee note that a trial run was taken under the direction of Hon'ble Supreme Court to incinerate 10 metric tons of about 350 metric tons of waste lying in the site and that was successfully done. In this context, the Committee strongly recommend that the Government of India should take up the matter of disposal of remaining toxic waste lying at the UCIL site and the remediation of the site with the state government more vigorously and complete the task within 2020. The Committee feel that the non-disposal of toxic waste even after 35 years of tragedy indicate the lackadaisical attitude of Union Government as it is high time that the toxic waste is disposed of in view of successful trial incineration.

Recommendation No. 15- compensation to the victims of BGLD

The Committee note that the process of paying compensation of ex-gratia to the victims of Bhopal Gas tragedy is still going on. Office of Welfare Commissioner which is a judicial body, awards/disburses compensation/ex-gratia to the victims. An amount of Rs. 1549.32 crore was settled as compensation to 5,74,393 claimants out of the compensation amount deposited by Union Carbide corporation. Apart from it, a sum of Rs. 835.06 crore has been awarded to 49,972 victims as ex-gratia to them as decided by the government of India. The disbursement of ex-gratia is still continuing. The Committee note that only Rs. 2

Lakh is awarded in case of cancer and total renal failure. Since this amount may not be adequate, the committee recommend that the ex-gratia amount in these two cases may be increased suitably so as to enable the victims get the proper treatment in case of cancer and total renal failure. Further, the Committee recommend that all the steps should be taken to award compensation/ex-gratia to all victims without much appealing processes so as to enable them to get the compensation/ex-gratia quickly.

KANIMOZHI KARUNANIDHI

Chairperson
Standing Committee on
Chemicals and Fertilizers

New Delhi;
18 March, 2020
28Phalguna, 1941 (Saka)

MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2019-20)

The Committee sat on Thursday 5th March, 2020 from 1500 hrs. to 1700 hrs. in Committee Room C, Parliament House Annexe, New Delhi.

PRESENT

Ms Kanimozhi Karunanidhi- Chairperson

MEMBERS

LOK SABHA

2. Shri Prataprao Patil Chikhalikar
3. Shri Satyadev Pachauri
4. Shri Arun Kumar Sagar
5. Shri M. Selvaraj
6. Shri Bishweswar Tudu
7. Shri H. Vasanthakumar
8. Shri Prabhubhai Nagarbhai Vasava
9. Dr. M.K. Vishnu Prasad
10. Shri Deepak Baij
11. Dr. Manoj Rajoria
12. Shri Shriniwas Dadasaheb Patil

RAJYA SABHA

12. Shri G. C. Chandrashekhar
13. Dr. Anil Jain
14. Shri Ahmad Ashfaque Karim
15. Shri Vijay Pal Singh Tomar
16. Shri Arun Singh

SECRETARIAT

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

Representatives of the Department of Chemicals & Petrochemicals

1. Shri P. Raghavendra Rao - Secretary
2. Ms. Alka Tiwari - Addl. Secretary & FA
3. Shri Samir Kumar Biswas - Joint Secretary
4. Shri Kashi Nath Jha - Joint Secretary
5. Smt. Godhuli Mukherjee - economic Adviser
6. Shri N.K. Santoshi - Dy. Director General
7. Ms. Deepika Jain - Chief Controller of Accounts
8. Shri Rajendra Kumar Soni - Director
9. Shri D.K. Madan - Director
10. Dr. P.G.S. Rao - Director
11. Shri H. Kam Suanthang - Director

Representatives of PSUs/ Autonomous Institutions

12.	Shri Reep Hazarika	MD, BCPL
13.	Dr. Jitender Kumar	Director, IPFT
14.	Dr. S.K. Nayak	DG, CIPET
15.	Shri S.B. Bhide	CMD, HOCL
16.	Shri S.P. Mohanty	CMD, HIL
17.	Shri Dhananjaya Srivastava	Chief General Manager, IOCL

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) and other officials. Hon'ble Chairperson also invited the attention of all to the Direction 55(1) of the Directions by the Speaker regarding confidentiality of the Committee's proceedings.

3. After the witnesses introduced themselves, Secretary, Department of Chemicals and Petrochemicals made a power point presentation to the Committee regarding Demand for Grants (2020-21) of the Department of Chemicals and Petrochemicals and also on several aspects which are as given below:-

(i) Vision Statement 2024-25
(ii) Organisations under the Department
(iii) Schemes of the Department
(iv) CIPET & its achievements
(v) Achievement of IPFT

4. During the discussion, the Hon'ble Chairperson and Members of the Committee raised queries relating to Demand for Grants of Department of Chemicals and Petrochemicals for 2020-21 and also on several aspects such as –

(i) Plastic Parks and delay in making the scheme successful.
(ii) Support to Industry by CIPET
(III) Technology support to CIPET by Government of India.
(iv) Closure of sick PSUs
(v) Issue of imports of chemicals and petrochemicals
(vi) Bhopal Gas Tragedy.

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 provide required information in writing at the earliest which was not readily available.

6. After witnesses withdrew from the venue, the Committee held an in-house consultation and decided to hold the next sitting of the Committee on 26th March, 2020 for consideration and adoption of Reports of the Committee on Demands for Grants of the three Departments of the Ministry of Chemicals and Fertilizers and for taking oral evidence of the representatives of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) on the subject "Demand and Availability of Petrochemicals including Imports and Exports". It was also decided to hold next sittings of the Committee on 27th and 28 April, 2020 to examine the subjects selected by the Committee.

7. The Committee decided to examine the subject 'Bhopal Gas Tragedy' in the current tenure of the Committee if time permits.

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

The Committee then adjourned.

MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS

(2019-20)

The Committee sat on Thursday, the 18 March, 2020 from 1000 hrs. to 1045 hrs. in Committee Room C, Parliament House Annexe, New Delhi.

PRESENT

Ms Kanimozhi Karunanidhi- Chairperson

MEMBERS

LOK SABHA

2. Shri Prataprao Patil Chikhalikar
3. Shri Satyadev Pachauri
4. Shri Arun Kumar Sagar
5. Shri M. Selvaraj
6. Shri Pradeep Kumar Singh
7. Shri Uday Pratap Singh
8. Shri H. Vasanthakumar
9. Shri Prabhubhai Nagarbhai Vasava
10. Dr. M. K. Vishnu Prasad
11. Dr. Manoj Rajoria
12. Shri Shriniwas Patil

RAJYA SABHA

13. Shri G. C. Chandrashekhar
14. Dr. Anil Jain
15. Shri Ahmad Ashfaque Karim
16. Shri Vijay Pal Singh Tomar
17. Shri Arun Singh

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 2020-21' (Department of Chemicals and Petrochemicals);
(ii) Draft report on 'Demands for Grants 2020-21' (Department of Fertilizers); and
(iii) Draft report on 'Demands for Grants 2020-21' (Department of Pharmaceuticals);

4. After deliberations, the Committee unanimously adopted Draft Reports pertaining to the Department of Chemicals & Petrochemicals and the Department of Fertilizers without any changes/amendments.

5. The Committee adopted the draft report on Demands for Grants, 2020-21 of the Department of Pharmaceuticals with the following additions to the recommendations:-

Recommendation No.9 National Pharmaceutical Pricing Authority (NPPA):

The Committee note that while the NPPA regulates the prices of drugs which are sold at the retail level, there appears to be no regulation of pricing at which the hospitals charge the patients. It has been observed that large hospitals are able to "extract" significantly higher discounts from the pharmaceutical companies but the end user, that is the patient, is billed at the retail price. It is also seen that many hospitals use only those medicines on which an unusually high MRP is printed so that the billing to the patients becomes more profitable. Therefore, the Committee recommend that NPPA should separately examine this aspect within the overall regulatory framework of drug pricing so that the patients being treated in the hospitals are not charged excessively for the medicines.

The Committee also observed that as a routine practice, the hospitals bill the patients who are in ICU or in a state of unconsciousness, for drugs which are never actually administered. The patient as well as the family members have no means to verify whether the billed drugs were actually administered or not. The Committee understand that this issue may not be falling directly within the purview of the Department but the Committee would like the Department to refer this matter to the Ministry of Health and Family Welfare for necessary action at their end.

Recommendation No:12 Settlement of Liabilities of Closed Pharma PSUS:

The Committee observe that along with the dues of the employees, there are also significant dues of the former business associates of the closed PSUs which may pertain to advance deposits, outstanding payments, etc. The Committee recommend that the Department should examine these dues also and settle them as per the provisions of the law.

6. The Committee then 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.

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