

**9**

**STANDING COMMITTEE ON CHEMICALS &  
FERTILIZERS  
(2020-21)**

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

[Action Taken by the Government on the Observations/Recommendations contained in the Second Report of the Standing Committee on Chemicals and Fertilizers (Seventeenth Lok Sabha) on Demands for Grants (2019-2020) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]



सत्यमेव जयते

**NINTH REPORT  
LOK SABHA SECRETARIAT  
NEW DELHI**

**REPORT**

**STANDING COMMITTEE ON  
CHEMICALS AND FERTILIZERS  
(2020-21)**

**SEVENTEENTH LOK SABHA  
MINISTRY OF CHEMICALS AND FERTILIZERS  
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)**

[Action Taken by the Government on the Observations/Recommendations contained in the Second Report of the Standing Committee on Chemicals and Fertilizers (Seventeenth Lok Sabha) on Demands for Grants (2019-2020) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]

*Presented to Lok Sabha on 11.02.2021  
Laid in Rajya Sabha on 11.02.2021*

**LOK SABHA SECRETARIAT  
NEW DELHI**

***FEBRUARY, 2021 /MAGHA, 1942 (SAKA)***

CONTENTS		PAGE
COMPOSITION OF THE COMMITTEE (2019-20) and (2020-21)		(iv)
INTRODUCTION		(v)
Chapter I	Report	
Chapter II	Observations / Recommendations which have been accepted by the Government	
Chapter III	Observations / Recommendations which the Committee do not desire to pursue in view of the Government's replies	
Chapter IV	Observations / Recommendations in respect of which replies of the Government have not been accepted by the committee	
Chapter V	Observations / Recommendations in respect of which final replies of the Government are still awaited	
<b>APPENDICES</b>		
I.	Minutes of Sitting of the Standing Committee on Chemicals & Fertilizers (2019-20) and (2020-21) held on 11.08.2020 and 12.10.2020 respectively.	
II.	Analysis of Action Taken by the Government on the Recommendations contained in the Second Report (17 <sup>th</sup> Lok Sabha) of the Standing Committee on Chemicals & Fertilizers on Demand for Grants (2019-2020) pertaining to the Ministry of Chemicals and Fertilizers (Department of Chemicals & Petrochemicals)	

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

Smt. Kanimozhi Karunanidhi - Chairperson

**MEMBERS  
LOK SABHA**

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

**RAJYA SABHA**

22	Shri G.C.Chandrashekhar
23	Dr. Anil Jain
24	Shri Ahmad Ashfaque Karim
25	Shri Vijay Pal Singh Tomar
26	Shri Arun Singh
27	Shri P. Selvarasu^
28	Shri A.D. Singh^
29	Shri K. Vanlalvena^
30	Vacant*
31	Vacant

**SECRETARIAT**

1.	Shri Manoj K. Arora	-	Officer on Special Duty
2.	Shri A.K. Srivastava	-	Director
3.	Shri C. Kalyanasundaram	-	Additional Director
4.	Shri Gagan Kumar	-	Committee Officer

*^Nominated to the Committee w.e.f 22.07.2020.*

*\*Shri Amar Singh expired on 01.08.2020.*

**COMPOSITION OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS  
(2020-21)**

**Smt. Kanimozhi Karunanidhi - Chairperson**

**MEMBERS  
LOK SABHA**

2	Shri Maulana Badruddin Ajmal
3	Shri Deepak Baij
4	Shri Ramakant Bhargava
5	Shri Prataprao Govindrao Patil Chikhlikar
6	Shri Rajeshbhai Naranbhai Chudasama,
7	Shri Ramesh Chandappa Jigajinagi
8	Shri Pakauri Lal
9	Shri Kripanath Mallah
10	Shri Satyadev Pachauri
11	Smt Aparupa Poddar
12	Dr. M.K.Vishnu Prasad
13	Shri Atul Kumar Singh alias Atul Rai
14	Shri Arun Kumar Sagar
15	Shri M. Selvaraj
16	Shri Pradeep Kumar Singh
17	Shri Uday Pratap Singh
18	Shri Indra Hang Subba
19	Shri Er. Bishweswar Tudu
20	Shri Prabhubhai Nagarbhai Vasava
21	Dr. Sanjeev Kumar Singari#

**RAJYA SABHA**

22	Shri G.C.Chandrashekhar
23	Dr. Anil Jain
24	Shri Ahmad Ashfaque Karim
25	Shri M.V. Shreyams Kumar
26	Shri Jaiprakash Nishad
27	Shri Anthiyur P. Selvarasu
28	Shri Arun Singh\$
29	Shri A.D. Singh
30	Shri Vijay Pal Singh Tomar
31	Shri K. Vanlalvena

**SECRETARIAT**

1.	Shri Majoj K. Arora	-	Officer on Special Duty
2.	Shri A.K. Srivastava	-	Director
3.	Shri C. Kalyanasundaram	-	Additional Director
4.	Shri Gagan Kumar	-	Committee Officer

*\$Re-nominated to the Committee w.e.f. 23.12.2020.*

*#Nominated to the Committee w.e.f 28.12.2020 vice Shri Nandigam Suresh.*

## INTRODUCTION

I, the Chairperson, Standing Committee on Chemicals and Fertilizers (2020-2021) having been authorised by the Committee to submit the Report on their behalf, present this Ninth Report (Seventeenth Lok Sabha) on Action Taken by the Government on the observations/ recommendations contained in the Second Report (Seventeenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2019-20) on Demands for Grants (2019-20) pertaining to the Department of Chemicals and Petrochemicals.

2. The Second Report (Seventeenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 12.12.2019 and laid in Rajya Sabha on 12.12.2019. The Action Taken replies of Government to all observations / recommendations contained in the Report were received on 17.03.2020. The Standing Committee on Chemicals and Fertilizers (2019-20) and (2020-21) considered and adopted this Report at their sitting held on 11.08.2020 and 12.10.2020 respectively.

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

4. For facility of reference and convenience, the further Comments of the Committee have been printed in bold letters in **Chapter-I** of the Report.

New Delhi;  
08 .February, 2021  
19 Magha, 1942 (Saka)

KANIMOZHI KARUNANIDHI  
Chairperson  
Standing Committee on  
Chemicals and Fertilizers

Report

## Chapter I

This report of the standing committee on chemicals and fertilizers deals with the action taken by the Government on the Observations/Recommendations contained in the 2nd report (17th Lok Sabha) of the Committee on the Demand for Grants 2019-20 of the Ministry of Chemicals and Fertilizers ( Department of Chemicals and Petrochemicals) which was presented to Lok Sabha on 12.12.2019. The Committee made a total of 15 Observations/Recommendations in the report.

1.2 Ministry of chemicals and fertilizers (Department of Chemicals and Petrochemicals) were requested to furnish replies to the Observations/ Recommendations contained in the Second report within three months from the date of presentation of the report is 11.03.2020. The action taken replies of the Government in respect of the 15 Observations/Recommendations contained in the report have been received from the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) vide O.M. No. 23003/1/2019-IFD dated 17.03.2020. These replies have been categorised as follows:-

(i) Observations/ Recommendations that have been accepted by the Government:- SI No. 1,2,4,5,9,10,11,&12 (Total 8)  
Chapter-II

(ii) Observations/ Recommendations which the Committee do not desire to pursue in view of the Government reply:- SI No. 7&14 (Total 2)  
Chapter-III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration:- SI No 13 &15 (Total 2)  
Chapter-IV

(iv) Observations Recommendations in respect of which final replies of the Government are still awaited:- SI No. 3, 6 & 8 (Total 3 )  
Chapter-V

- 1.3 The Committee expect that the action taken notes on the observations / recommendations contained in chapter I and V of this report should be furnished expeditiously and within three months from the presentation of this Report.
- 1.4 The committee will now deal with action taken by the government on the Observations/Recommendations which still require reiteration or merit comments.

**Recommendation SI no. 1**  
**Production of Chemicals and Petrochemicals**

- 1.5 While, pointing out the growing domestic requirement of chemicals and petrochemicals and increasing foreign exchange outgo on imports of chemicals and petrochemicals the committee had recommended as under:-

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

In this regard the Committee recommend the following: -

- (i) Immediate steps should be taken to install five crackers of 1.5 million capacities in various regions of the country before 2025 to cater to the



growing demand for polymers, synthetic rubbers, manmade fibres, elastomers etc.

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

#### Reply of the Government

1.6 In reply to the above-mentioned Recommendation of the committee the Department of Chemicals and Petrochemicals has stated as under:-

"(i) The Petrochemical sector is delicensed and deregulated and as such the Department has no direct role to play in establishment of crackers. However, Government is facilitating the industry to come forward for establishment of more number of crackers. Some of the steps taken 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 & non-tariff measures.

Recent announcements made by Govt. for reducing corporate tax rates and removal of dividend distribution tax and also likely to help in improving investment climate.

(ii) These mega projects are being implemented under Joint Venture and there is no direct control of the Department on implementation of these projects. However, as per information available from open source, HMEL is likely to be commissioned by April 2021.

Barmer Refinery is an upcoming public sector refinery and petrochemical complex in the Barmer district of Rajasthan. It is jointly owned by Hindustan Petroleum Corporation Limited and the Government of Rajasthan. The project is expected to be completed by 2022-23.

The Maharashtra State Government is exploring to shift the Ratnagiri refinery project site to Raigad district.

(iii) The target dates for completion of revamp of Panipat Naphtha Cracker, PX\_PTA plant at Panipat and new PX-PT plant, Paradip are as follows, as per the information received from IOCL:

(a) Panipat Naphtha Cracker: **2020-21**

(b) PX / PTA Plant expansion: **2021-2022**

(c) New PX/PTA Plant at Paradip: **2023-24**

(iv) Realizing the need to augment petrochemical production capacity, preparation of a Perspective Plan for the petrochemical industry, including scaling up the value chain in synthetic fibres, has already been undertaken by the D/o C&PC in consultation with the stakeholders. Based on the same, the existing capacity expansion for MEG & PX/PTA both by private as well as public sector is likely to happen in the near future. "

### **Comments of the Committee**

**1.7. The Committee note the reply given by the Department that the Petrochemical sector is delicensed and deregulated and as such the Department has no direct role to play in establishment of crackers. However, Government is facilitating the industry to come forward for**

establishment of more number of crackers in the country. While noting the steps taken by the Department to augment petrochemical production capacity in the country, the Committee are of the firm view that it is necessary to put in place a concrete plan of action to boost domestic production keeping in view the extremely high foreign exchange out go in this sector. In this regard, the Committee note that the Department had prepared a perspective plan for the petrochemical industry in consultation with various stake holders and based on the same , the existing capacity expansion of MEG and PX/PTA both by private as well as public sector is likely to happen in the near future. Even though the Committee appreciate the steps taken by the Department, the Committee recommend that a study be conducted on the incentives being provided by countries like Thailand, Vietnam, China, Japan, etc. for new units in their countries and based on that study appropriate steps should be taken to create an enabling environment so as to attract foreign investment in this crucial sector.

**Recommendation SI no. 4**  
**Scheme of Plastic Parks**

1.8. The committee while expressing dissatisfaction about the effectiveness of plastic Park scheme in attracting entrepreneurs mainly had recommended as under:-

“The Committee are constrained to note that the Plastic Park scheme of Department is not able to attract investors owing to lukewarm response from the entrepreneurs mainly due to high cost of land in the parks. The Committee note that the special purpose vehicles created by State governments to establish and run these parks are finding it difficult to contain the cost of acquisition of land,

cost of development, plastic allocation cost etc. As per the information furnished by the Department, none of the parks have so far been able to start functioning in a full fledged manner. Under the scheme, the Government of India provides grants funding up to 50% of the project cost subject to a ceiling of Rs.40 crore per project. This seems to be inadequate and may also be a reason for lackadaisical performance of the scheme. Since it is an important scheme for creating state of the art infrastructure with enabling common facilities through cluster development approach for consolidating and synergizing the capacities of downstream plastic processing industry, the committee recommend the following:-

(a) The Scheme Steering Committee should hold separate meeting with the Chief Secretary of the respective State Government regarding cost of plots in the Plastic Parks and they should be impressed upon the need for fixing the cost of the plot at a reasonable level as to make it affordable to the entrepreneurs.

(b)The Department should also impress upon the industrial associations about the state of the art facilities being provided in these parks and the importance of such parks to become hubs of development for plastic industry.

(C)The Department should consider increasing its share of total cost of the project from 50% of the project cost with the ceiling of Rs.40 crore per project to at least 50% of the project cost without any ceiling so as to make it attractive for the State Government to come forward to set up such parks.

(d) The Department may consider incentives along with State Governments for attracting more entrepreneurs."

### Reply of the Government

1.9 In reply to the aforementioned recommendation of the Committee, Department of chemicals and petrochemicals has stated as under:-

" (a) The Secretary (C&PC) met the Chief Secretary of Odisha for discussing the matters concerning Paradeep Plastic park and took up the issue of cost of land in the Plastic Park. In this regard, it is mentioned that the Scheme Steering Committee (SSC), is holding regular meetings with the Special Purpose Vehicles (SPVs) in which representatives of concerned State Governments also participate. The matter relating to fixing cost of plots, at a reasonable rate, are also taken up in the meetings. State Governments/SPVs are offering land at rates based on size of land/ Industry etc. Further, based on inputs received from the stakeholders, the Department of Chemicals and Petrochemicals has written letters to all the concerned Plastic Park authorities to

explore the possibility of annual base rent to reduce the cost of land and blocking of working capital.

(b) The Department holds regular meetings of all Industry Associations and impresses upon them about the state of the art facilities being provided in these Plastic Parks and the opportunity of making them hubs of development for plastic industry. The SPVs of Plastic Parks also participate in events organised by the Industry associations and showcase the likely benefits of investing in their Plastic Parks.

(c) A committee constituted under the Chairmanship of Shri Hemant Sharma, Secretary (Industries), Govt. of Odisha has submitted its report on the issue. The report of the committee is being examined by the Scheme Review Committee chaired by AS&FA of the Dept. of Chemicals & Petrochemicals.

(d) The Department is offering grants- in- aid to State Governments, which, in turn, are passing on the benefits to the entrepreneurs in the form of land subsidy along with provision of state-of-the-art facilities in each of the six Plastic Parks being established in the country. The Department is also requesting the State Governments to offer separate incentives to entrepreneurs, so that they could establish their Units at the Plastic Parks and run them successfully."

#### **Comments of the Committee**

**1.10 The Committee note that the Department has addressed the concerns expressed by the Committee regarding lukewarm response received from entrepreneurs to the plastic park scheme mainly due to high cost of land and the inadequacy of incentives being offered to the entrepreneurs. The Department has written to all the concerned Plastic Park Authorities to explore the possibilities of changing annual lease rent to reduce the cost of land. Secretary (Chemicals and Petrochemicals) also discussed the issue with Chief Secretary of Odhisa. While appreciating the above efforts by the Department, the Committee are failed to understand as to why Secretary (Chemicals and Petrochemicals) discussed the issue only with the Chief Secretary of Odisha. As none of the Plastic Parks have so far been able to start functioning, the Committee recommend that the Department will vigorously pursue with all concerned plastic park authorities**

including Chief Secretaries of all the concerned States to explore the possibility of annual base rent so as to reduce the cost of land which would provide more working capital to the entrepreneurs.

The Committee also note that the Scheme Review Committee of Department is presently examining the report submitted by the Secretary(Industries), Government of Odhisha on the recommendation made by the Committee that Government of India's share of total cost of the project should atleast 50% of the project without any ceiling. The Committee hope that the Scheme Review Committee shall examine the Report expeditiously and the Department would inform the Committee about the decision taken in the matter which shall be uniformly applicable for all the Plastic Parks. In this regard, the views of other concerned States should also be taken into consideration.

**Recommendation no. 11**  
**Alternative for single use plastics**

1.11. While noting that the Department of Chemicals and Petrochemicals had constituted an Expert Committee to suggest alternatives for single use plastics, the committee had recommended as under:-

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

### **Reply of the Government**

1.12. In reply of the above-mentioned recommendation of the Committee, the Department of Chemicals and Petrochemicals had stated as under:-

"CIPET is actively carrying out Research & Development on various compostable polymers derived from starch, natural fibre, and other bio-resources with desired properties to substitute the single use plastics. CIPET has also been implementing the mechanical recycling of post-consumer commodity plastics waste by optimizing the properties for various household applications.

Technology pertaining to utilization of recycled content to virgin materials as well as designing a single polymer family for various Multi-Layer Plastics, for high end application with improved properties, are also being undertaken for R & D to substitute single use plastics."

### **Comments of the Committee**

**1.13 The Committee note that CIPET is actively carrying out research and development on various compostable polymers derived from starch, natural fibre, and other bio resources with desired properties to substitute the single use plastics. But the reply given by the Department is silent on the status of work done by the Expert Committee to suggest alternatives for single use plastics. The Committee expect that specific reply would be furnished by the Department on this aspect of the recommendation. The Department has also not given any specific reply to the suggestion of the Committee that the Government should consider giving incentives to entrepreneurs who are forthcoming to invest in making of bio-degradable/recyclable carry bags. The Committee would also like to have specific reply from the Department in this regard.**

**While CIPET's initiatives in development of alternative to single use plastic is appreciable , the Committee recommend that the research being done by CIPET and other organizations should be coordinated by a designated agency for achieving better results in development of effective alternative to single use**

plastic. Recommendations of the Expert Committee in this regard should also be taken into account in the development of substitute to single use plastic.

### **Recommendation No. 13**

#### **Institute of Pesticides Formulation Technology (IPFT)**

1.14. Expressing concern about the reduced budgetary allocation to Institute of Pesticides Formulation Technology (IPFT), the committee had recommended as under:

**"The Committee note that a budgetary allocation of Rs.3 core has been made as Grants-in-aids for creation of capital Assets by Institute of Pesticides Formulation Technology (IPFT) during 2019-20 even though the institute proposed an amount of Rs.5 crore for the purpose. Since this institute is engaged in development of environment and user friendly pesticides formulation technologies and it is necessary to support the initiatives of the institute in developing bio-pesticides which are safe for human beings, the Committee recommend that additional fund requirement of the institute under this head may be considered by the Department of Chemicals and Petrochemicals and the Ministry of Finance at Revised Estimate stage.**

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

#### **Reply of the Government**

1.15. In reply of the aforementioned recommendation of the Committee, the Department of Chemicals and Petrochemicals had stated as under:-

"The amount of Rs. 3.00 crore allocated in BE-2019-20 is being used to procure equipment namely 'Nuclear Magnetic Resonance (NMR)' required for creation of GLP (Good Laboratory Practices) facility in IPFT. Other Capital assets will be created in a phased manner. Now an amount of Rs. 5.00 crore has been allocated for this purpose in BE-2020-21."



### Comments of the Committee

1.16. The Committee made two recommendations regarding Institute of Pesticides Formulation Technology(IPFT). First was the consideration of additional fund requirement of the institute for creation of capital assets to the tune of Rs.2 crores at Revised Estimates stage as only Rs.3 crore was allocated to the institute in BE 2019-10 against its requirement of Rs.5 crore. In the regard, the Committee note that Rs.5 crore has now been allocated to the institute for 2020-21 under the same head. But the Department has not acceded to Committee's recommendations to allocate additional fund to the tune of Rs. 2 crore in the RE of 2019-20. The Committee therefore recommend to provide an additional sum of Rs. 2 crore in the Supplementary Demands of Grants to enable IPFT for creating other capital assets.

As per the second recommendation of the Committee, IPFT should make all efforts to develop environment and user friendly bio-pesticides viz. Neem based pesticides etc. The Committee are constrained to note that the Action Taken Reply furnished by the Department was silent on this important recommendation. Since it is very much necessary to develop environment and user friendly bio-pesticides in the country which are very effective against all pests as that of chemical pesticides, the Committee reiterate the earlier recommendation that IPFT should develop bio-pesticides for use in the entire country so as to completely eliminate the dependence on chemical pesticides. Specific Action Taken Reply should be given in this regard.

## **Recommendation No. 15**

### **Removal of toxic waste lying in UCIL Complex, Bhopal**

1.17. The committee while expressing anguish over the toxic waste lying at UCIL Complex, Bhopal had recommended as under:-

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

### **Reply of the Government**

1.18. In reply to the aforementioned recommendation of the Committee, the Department of Chemicals and Petrochemicals had stated as under:-

"As per the decision of the Cabinet in June, 2010, the matter of providing oversight and support to all remediation actions including disposal of waste is being dealt with by the Oversight Committee constituted in the Ministry of Environment, Forest and Climate Change (M/o EF&CC). A Review meeting was held under the Chairmanship of Secretary, Department of Chemicals & Petrochemicals (DCPC) on 9<sup>th</sup> December, 2019 wherein the issue of disposal of toxic waste lying at UCIL premises was discussed with the officials of the State Government of Madhya Pradesh. It was decided in the meeting that State Government of Madhya Pradesh will take up the issue with M/o EF&CC at the highest level for resolving the issues related to disposal of toxic waste."

### **Comments of the Committee**

**1.19. The Committee are disappointed to note that this urgent matter of public health and environmental hazard has been lingering on for the last 35 years due to the lackadaisical approach of the Government of India and the Government of Madhya Pradesh. In this regard, the Committee note that the matter of providing oversight and support to all remediation actions including disposal of**

waste is being dealt with by the Oversight Committee constituted in the Ministry of Environment, Forest and Climate Change (M/o EF&CC). A Review meeting was held under the Chairmanship of the Secretary, Department of Chemicals & Petrochemicals (DCPC) on 9<sup>th</sup> December, 2019 wherein the issue of disposal of toxic waste lying at UCIL premises was discussed with the officials of the State Government of Madhya Pradesh. The Committee are of the opinion that inter-ministerial disputes and lack of coordination with the State Government of Madhya Pradesh and other agencies is lingering this issue of vital importance. It was decided in the meeting that State Government of Madhya Pradesh will take up the issue with M/o EF&CC at the highest level for resolving the issues related to disposal of toxic waste. The Committee are disgruntled to note that the matter is still in discussion stage among the M/oEF&CC, Dept. of Chemicals & Petrochemicals and the Government of Madhya Pradesh. The Committee therefore strongly recommend that the Department should take up the matter at the highest level with the M/o EF&CC and also with the Government of Madhya Pradesh for immediate necessary action in this regard and if required Cabinet Secretary may be requested to use his office to resolve the issue.

## Chapter II

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

#### Recommendation no. 1

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

In this regard the Committee recommend the following: -

- (v) Immediate steps should be taken to install five crackers of 1.5 million capacities in various regions of the country before 2025 to cater to the growing demand for polymers, synthetic rubbers, manmade fibres, elastomers etc.
- (vi) Concrete steps should be taken for the commissioning of these mega projects which are either under implementation or under planning viz. HMEL, Bathinda, HPCL Rajasthan Refinery Limited and Ratnagiri Refinery and Petrochemicals Ltd.
- (vii) Expeditious completion of projects which are under execution to increase domestic production of Naphtha viz revamp of Panipat Naphtha Cracker, PX\_PTA plant at Panipat and new PX-PT plant, Paradip

- (viii) In view of the extremely high foreign exchange outgo in this sector, it is critical that the Department should put in place a concrete plan of action to boost domestic production. Department should immediately get a study done on the incentives being provided by countries like Thailand, Vietnam, China, Japan etc. for the new units in their countries. Simultaneously, Department should set up high level Committee to examine and record steps to create an enabling environment so that new units can be established in this sector. The Committee is of a strong view that since the consumption in this sector is going to persistently increase in future, this may be accorded highest priority.

### **Reply of the Government**

2.2 (i) The Petrochemical sector is delicensed and deregulated and as such the Department has no direct role to play in establishment of crackers. However, Government is facilitating the industry to come forward for establishment of more number of crackers. Some of the steps taken 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 & non-tariff measures.

Recent announcements made by Govt. for reducing corporate tax rates and removal of dividend distribution tax and also likely to help in improving investment climate.

(ii) These mega projects are being implemented under Joint Venture and there is no direct control of the Department on implementation of these projects. However, as per information available from open source, HMEL is likely to be commissioned by April 2021.

Barmer Refinery is an upcoming public sector refinery and petrochemical complex in the Barmer district of Rajasthan. It is jointly owned by Hindustan Petroleum Corporation Limited and the Government of Rajasthan. The project is expected to be completed by 2022-23.

The Maharashtra State Government is exploring to shift the Ratnagiri refinery project site to Raigad district.

(iii) The target dates for completion of revamp of Panipat Naphtha Cracker, PX\_PTA plant at Panipat and new PX-PT plant, Paradip are as follows, as per the information received from IOCL:

(d) Panipat Naphtha Cracker: **2020-21**

(e) PX / PTA Plant expansion: **2021-2022**

(f) New PX/PTA Plant at Paradip: **2023-24**

(iv) Realizing the need to augment petrochemical production capacity, preparation of a Perspective Plan for the petrochemical industry, including scaling up the value chain in synthetic fibres, has already been undertaken by the D/o C&PC in consultation with the stakeholders. Based on the same, the existing capacity expansion for MEG & PX/PTA both by private as well as public sector is likely to happen in the near future.

MINISTRY OF CHEMICALS & FERTILIZERS  
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)  
[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

## **Recommendation no. 2**

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

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

### Reply of the Government

2.4 It is stated that the Department has taken proactive steps to ensure timely release of funds under various heads. The status of utilisation as on 10.03.2020 is as under:-

<b>Budget Allocation and Expenditure 2019-20</b> <span style="float: right;"><i>(Rupees in Cr)</i></span>				
Sl. No.	Head	BE	Expenditure (As on 13.03.2020)	RE
<b>1.</b>	<b>Central Sector Schemes</b>			
1.1	Assam Gas Cracker Project (AGCP)	100.00	100.00	200.00*
1.2	New Schemes of Petrochemicals (NSP)	31.65	31.65	31.65
1.3	Chemical Promotion & Development Schemes (CPDS)	3.00	2.83	3.00
	<b>Total:</b>	<b>134.65</b>	<b>134.48</b>	<b>234.65</b>
<b>2.</b>	<b>Other Central Expenditure</b>			
2.1	Secretariat	19.58	16.89	18.08
A.	Statutory Body			
2.2	Bhopal Gas Leak Disaster (BGLD)	21.42	20.68	27.95*
<b>B.</b>	<b>Autonomous Bodies</b>			
2.3	Central Institute of Plastic Engineering & Technology (CIPET)	80.00	80.00	81.50*
2.4	Institute of Pesticides Formulation Technology (IPFT)	8.00	8.00	8.00
	<b>Total (B)</b>	<b>129.00</b>	<b>125.57</b>	<b>135.53</b>
	<b>Grand Total (A+B)</b>	<b>263.65</b>	<b>260.05</b>	<b>370.18</b>

**BCPL:** Out of Rs. 5,239.45 crore Capital Subsidy approved by Government of India for Assam Gas Cracker Project implemented by BCPL, an amount of Rs. 4,990 crore was released till F.Y. 2018-19 and balance Rs. 249.45 crore was sought during B.E. 2019-20. However, M/o Finance allocated only Rs. 100 crore for FY 2019-20. Due to Vote on Account period, out of Rs. 100 crore Capital Subsidy for FY 2019-20, Rs. 77.78 crore has been released to BCPL during May, 2019 and balance Rs. 22.22 crore has been released in September, 2019. Balance amount of Capital Subsidy of Rs. 149.45 crore

(without interest adjustments) was requested in RE 2019-20. It is understood that an amount of additional Rs. 100 crore has been allocated under second supplementary demand for grants RE 2019-20.

**IPFT:** An amount of Rs.8 crore has been allocated to IPFT under GIA-general, GIA-Salary and GIA-CCA for financial year 2019-20.

S.No.	Head	BE-2019-20 (Allocated)	Rs. in Crore
1	Grant-in-Aid-Salary	3.50	
2	Grant-in-Aid-General	1.50	
3	Grant-in-Aid-CCA	3.00	
	<b>Total</b>	<b>8.00*</b>	

\* All amount was released to IPFT in time.

**CIPET:** In BE 2019-20, Rs. 80.00 crore were allocated to the Central Institute of Plastics Engineering and Technology (CIPET) and the same was released to CIPET upto 30.12.2019, in three instalments. An additional requirement of Rs. 30.00 crore was also intimated to the Ministry of Finance through the Internal Finance Division (IFD) of this Department, out of which only an amount of Rs. 1.50 crore has been allocated to CIPET at R.E. 2019-20. The additional amount will be released after getting approval of Supplementary Demands for Grants of the Department from the Parliament in current Financial Year.

MINISTRY OF CHEMICALS & FERTILIZERS  
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)  
[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

#### **Recommendation no. 4**

2.5 The Committee are constrained to note that the Plastic Park scheme of Department is not able to attract investors owing to lukewarm response from the entrepreneurs mainly due to high cost of land in the parks. The Committee note that the special purpose vehicles created by State governments to establish and run these parks are finding it difficult to contain the cost of acquisition of land, cost of development, plastic allocation cost etc. As per the information furnished by the Department, none of the parks have so far been able to start functioning in a full fledged manner. Under the scheme, the Government of India provides grants funding up to 50% of the project cost subject to a ceiling of Rs.40 crore per project. This seems to be inadequate and may also be a reason for lackadaisical performance of the scheme. Since it is an important scheme for creating state of the art infrastructure with enabling common facilities through cluster development approach for consolidating and synergizing the capacities of



downstream plastic processing industry, the committee recommend the following :-

**(b) The Scheme Steering Committee should hold separate meeting with the Chief Secretary of the respective State Government regarding cost of plots in the Plastic Parks and they should be impressed upon the need for fixing the cost of the plot at a reasonable level as to make it affordable to the entrepreneurs.**

**(b)The Department should also impress upon the industrial associations about the state of the art facilities being provided in these parks and the importance of such parks to become hubs of development for plastic industry.**

**(C)The Department should consider increasing its share of total cost of the project from 50% of the project cost with the ceiling of Rs.40 crore per project to at least 50% of the project cost without any ceiling so as to make it attractive for the State Government to come forward to set up such parks.**

**(d) The Department may consider incentives along with State Governments for attracting more entrepreneurs.**

### **Reply of the Government**

2.6 (a) The Secretary (C&PC) met the Chief Secretary of Odisha for discussing the matters concerning Paradeep Plastic park and took up the issue of cost of land in the Plastic Park. In this regard, it is mentioned that the Scheme Steering Committee (SSC), is holding regular meetings with the Special Purpose Vehicles (SPVs) in which representatives of concerned State Governments also participate. The matter relating to fixing cost of plots, at a reasonable rate, are also taken up in the meetings. State Governments/SPVs are offering land at rates based on size of land/ Industry etc. Further, based on inputs received from the stakeholders, the Department of Chemicals and Petrochemicals has written letters to all the concerned Plastic Park authorities to explore the possibility of annual base rent to reduce the cost of land and blocking of working capital.

(b) The Department holds regular meetings of all Industry Associations and impresses upon them about the state of the art facilities being provided in these Plastic Parks and the opportunity of making them hubs of development for plastic industry. The SPVs of Plastic Parks also participate in events organised by the Industry associations and showcase the likely benefits of investing in their Plastic Parks.

(c) A committee constituted under the Chairmanship of Shri Hemant Sharma, Secretary (Industries), Govt. of Odisha has submitted its report on the issue. The report of the committee is being examined by the Scheme Review Committee chaired by AS&FA of the Dept. of Chemicals & Petrochemicals.

(d) The Department is offering grants- in- aid to State Governments, which, in turn, are passing on the benefits to the entrepreneurs in the form of land subsidy along with provision of state-of-the-art facilities in each of the six Plastic Parks being established in the country. The Department is also requesting the State Governments to offer separate incentives to entrepreneurs, so that they could establish their Units at the Plastic Parks and run them successfully.

MINISTRY OF CHEMICALS & FERTILIZERS  
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)  
[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

### **Recommendation No. 5**

**2.7 The Committee note that Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) have been conceptualized as a cluster approach to promote Petroleum, Chemicals and Petrochemicals sectors in an integrated and environment friendly manner on a large scale. Policy as PCPIRs was formulated in 2007 and the first approvals for setting up of Gujarat and Andhra Pradesh PCPIRs were given in February 2009 and the approval for PCPIR Odisha and Tamil Nadu were given in December 2010 and July, 2012 respectively. Considerable progress in setting up of PCPIR has been made only in respect of Gujarat PCPIR followed by Odisha PCPIR. Progress of establishment of PCPIRs in Andhra Pradesh and Tamil Nadu is not satisfactory as appointment of Anchor Tenant, commissioning of Anchor Project, development of Master Plan, Environment clearance etc. are yet to be done in respect of both these PCPIRs . As per information provided by the Department, it is projected that all the four PCPIRs together will create employment to more than 33 lakh persons but all the four PCPIRs have together generated only about 3.3 lakh jobs so far i.e. about 90% less than the projected level of employment. Moreover, these PCPIRs are expected to attract investment of around Rs.7.63 lakh crore but investments worth Rs.1.90 lakh crore approximately have been made/committed in these regions so far. Above facts show that these PCPIRs have to go a long way to**

reach their full potential. Since these regions have large scale potential for development of Petroleum, Chemicals and Petrochemicals industries in the country, the Committee strongly recommend that the Union government along with the State Governments concerned should initiate concrete steps for the establishment of these regions in a time bound manner. The Department should review the progress of establishment of each PCPIR with the senior officers of the State Government and the other Ministries of the Union Government so as to sort out the difficulties in establishing the PCPIRs.

### Reply of the Committee

2.8 The Department has noted the suggestions of Hon'ble Committee and would pursue the matter in a holistic way with State Governments concerned to take concrete steps for the establishment of PCPIRs in a time bound manner.

- This Department reviews the implementation of PCPIRs from time to time. The Government has also initiated the process to review the PCPIR policy with an objective to attract more investments and faster implementation. In this regard, Steering Committee for the PCPIRs was constituted under the Chairmanship of Secretary, Department of Chemicals and Petrochemicals to promote investments and to expedite the implementation of PCPIRs.
- The Steering Committee meeting was last held under the Chairmanship of Secretary, DCPC on 19.11.2019 with Principal Secretaries (Industries) of all four PCPIR states and industries associations to discuss the amendments in PCPIR policy and concerned issues thereof.
- A Sub-Committee was constituted under chairmanship of Special Chief Secretary (Industries), Govt. of AP, Shri Rajat Bhargava, to discuss with State Governments/SPVs and with industry associations on the proposed amendments in PCPIR Policy.
- Shri Rajat Bhargava submitted the 1<sup>st</sup> draft PCPIR policy/amendments for review by the Steering Committee. The draft policy was also shared with the Principal Secretaries of Tamil Nadu, Gujarat and Odisha for offering their inputs/suggestions.
- Recently a review meeting was held under the Chairmanship of Secretary, DCPC to discuss the status / progress of PCPIRs on 04.02.2020. During the meeting, a presentation was made by Shri Rajat Bhargava on the suggested amendments in PCPIR Policy. After the deliberations the following were agreed to:

- (i) A meeting to be organized by the Sub-Committee headed by Special Chief Secretary (Industries), AP at Ahmedabad for discussion with stakeholders and industry associations on the proposed amendments in PCPIR Policy, 2007. The recommendations should be in the form of proposed amendments to the existing policy. Similar meetings may be organized subsequently at other PCPIR location also.
- (ii) All 4 PCPIRs should prepare and submit their "VISION DOCUMENT.

**MINISTRY OF CHEMICALS & FERTILIZERS**

**(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

**Recommendation No. 9**

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

**Reply of the Government**

**2.10 In view of OM dated 3.2.2016 of the Ministry of Finance which instructs that the window of investment and working capital loan to CPSEs from Govt. of India is closed, it**

is not feasible for the Department to provide any financial assistance to HIL for expansion/diversification activities. However, the Department is extending all possible assistance to further improve the performance of HIL. For example, the Department in January, 2019 approved HIL's proposal for mortgage of the company's surplus land at Zakhira, Delhi, to nationalized/public sector banks as collateral security for raising/borrowing funds to meet the operational and business requirements of HIL. Efforts are also being made to monetise the surplus land assets of HIL which will facilitate improvement in working capital position of the company. HIL is also setting up a Long Lasting Insecticidal Net (LLIN) manufacturing facility (initial capacity 50 lakh nets per annum) at its Rasayani unit with financial assistance from UNIDO. The LLIN facility is expected to become operational shortly and would contribute to the company's profitability.

As regards the delays in DDT related payments by the NVBDCP/ Ministry of Health & Family Welfare (MoH&FW), Secretary (C&PC) vide DO letter dated 05.02.2020 has conveyed the Committee's concern and recommendation to the Secretary, MoH&FW, along with the request to expedite the DDT related payments of HIL. A copy of the DO letter is enclosed for reference at ***Annexure-I***.

MINISTRY OF CHEMICALS & FERTILIZERS

(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)

[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

### **RECOMMENDATION No. 10**

**2.11 The Committee note that Central Institute of Plastics Engineering Technology (CIPET) is a premier national Institution fully devoted to skill development, technology support, academic and research activities for the growth of polymer and allied industries in the country. CIPET conducts is different long term training programs including undergraduate, Post graduate and doctoral programmes and also conducts vocational skill development programmes in the entire gamut of Plastics Engineering Technology in line with the Skill India Mission of the government of India. CIPET has been operating on self- sustainable mode since 2008-09 onwards and the Government of India**

provides funds only for strengthening CIPET's civil and technical facilities. In this regard, CIPET has requested Rs.149.97 crore for 2019-20. However, only Rs.80 crore been allocated in Budget 2019-20. CIPET has requested further Rs.30 crore for its expansion activities during 2019-20. The Committee recommend that the Department Ministry of Finance should consider allocating this additional fund requirement of Rs.30 crore to CIPET at R.E. stage during 2019-20, in view of the services being rendered by CIPET in its field of Activities.

#### **Reply of the Government**

2.12 Rs. 149.97 crore was sought for the Central Institute of Plastics Engineering and Technology (CIPET) at B.E. 2019-20 from the Ministry of Finance. However, only Rs. 80.00 crore were allocated to CIPET in BE 2019-20. The allocated fund was released to CIPET by 30.12.2019. An additional requirement of Rs. 30.00 crore was also intimated to the Ministry of Finance through the Internal Finance Division (IFD) of this Department, out of which, only Rs.1.50 crore has been allocated to CIPET at R.E. 2019-20.

**MINISTRY OF CHEMICALS & FERTILIZERS**

**(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

## **RECOMMENDATION NO. 11**

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

### **Reply of the Government**

2.14 CIPET is actively carrying out Research & Development on various compostable polymers derived from starch, natural fibre, and other bio-resources with desired properties to substitute the single use plastics. CIPET has also been implementing the mechanical recycling of post-consumer commodity plastics waste by optimizing the properties for various household applications.

Technology pertaining to utilization of recycled content to virgin materials as well as designing a single polymer family for various Multi-Layer Plastics, for high end application with improved properties, are also being undertaken for R & D to substitute single use plastics.

**MINISTRY OF CHEMICALS & FERTILIZERS**

**(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

## **RECOMMENDATION NO. 12**

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

### **Reply of the Government**

2.16 CIPET has three Schools for Advanced Research in Polymers (SARP) - R & D Centres in the country, which have been undertaking various sponsored research project activities for development of new plastics of different category such as (a) high efficiency towards bio-degradation; (b) high recycle potential; (c) plastics from renewable / non-petroleum materials; (d) hybrid composites; (e) smart polymers; and (f) nano-composites. These units are:

- (i) Advanced Research School for Technology and Product Simulation (ARSTPS) at Chennai;
- (ii) Laboratory for Advanced Research in Polymeric Materials (LARPM) at Bhubaneswar; and
- (iii) School for Advanced Research in Polymers-Advanced Polymer Design & Development Research Laboratory (SARP – APDDRL) at Bengaluru.

CIPET has developed various new plastics to fulfil the requirement of Automobiles, Aviation, Coating, Adhesive, Packaging and Medical application. Various prototypes were developed at different sectors and validated for commercial application. DCPC is promoting research for ecologically sustainable and green alternatives of plastics through Centres of Excellence (CoE) at CIPET, IIT and NCL.

**MINISTRY OF CHEMICALS & FERTILIZERS**

**(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**

[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]



## Chapter III

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

#### RECOMMENDATION NO. 7

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

#### Reply of the Government

3.2 The profitability of Kochi unit of HOCL is dependent on the prices of main products viz. Phenol and Acetone, and the cost of the inputs (raw material) of the Phenol plant. Phenol/Acetone prices are mainly governed by the global market demand and supply position and the input prices (Benzene and LPG) are governed by the international crude prices. As such, the performance of Kochi unit is to a large extent dependent on global factors which are beyond the control of HOCL. This is reflected in the unit's performance in the last two years. During 2018-19, Kochi unit achieved turnover of Rs.472 crore and profit of Rs.22 crore due to spurt in global demand for Phenol and Acetone and stable raw material/crude prices. However, with large scale imports of Phenol at unremunerative prices in the first half of FY 2019-20, the unit could achieve turnover of only Rs.213 crore and incurred a loss of Rs.58 crore (Prov.) during the 9 month period April–December, 2019. Though the prices of Phenol/ Acetone have been improving since January 2020, the Kochi unit is expected to suffer an estimated loss of Rs.82 crore in the current FY 2019-20.

HOCL does not presently have funds to undertake modernisation of the Kochi unit plants. Also, in view of OM dated 3.2.2016 of the Ministry of Finance which instructs that the window of investment and working capital loan to CPSEs from Govt. of India is closed, it is not feasible for the Department to provide any financial assistance to HOCL for modernisation or diversification of Kochi unit plants. However, depending on the availability of surplus funds (after repayment of GoI loans/interest and other dues) from land sale proceeds of Rasyani unit, the company plans to change the catalyst used in of the Cumene plant (intermediary product of Phenol plant) to Zeolite (instead of solid

Phosphoric), at an estimated cost of Rs.80 crore which would improve the productivity of the Phenol plant.

MINISTRY OF CHEMICALS & FERTILIZERS  
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)  
[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

### **RECOMMENDATION NO. 14**

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

### **Reply of the Government**

3.4 Office of the Welfare Commissioner, Bhopal Gas Victims, Bhopal has disbursed an amount of Rs.1549.32 crore as original compensation in 5,74,393 awarded cases, Rs.1517.85 crore as pro-rata compensation in 5,63,116 awarded cases and ex-gratia of Rs.837.11 crore in 61,575 decided (out of which 50,082 awarded) cases till February 2020. As per decision of the Cabinet in June, 2010, a sum of Rs.179 crore was sanctioned for 12,000 cases (10,550 Cancer and 1,450 Total Renal Failure). The applications claiming ex-gratia are still being received. A total of 21,200 applications (14,779 Cancer and 6420 TRF) have been received till 29.02.2020. No cut-off date has been fixed for receiving these applications.

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 the claimants the right to appeal. If the claimant is

dissatisfied with the decision of Dy. 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 Judicial Services. The pending appeals/ revisions as of 29 February, 2020 in various courts are indicated below:-

Appeal Court	1276
Revisional Court	522
Supreme Court	21

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

The Bhopal Gas Leak Disaster (Processing of Claims), Act- 1985 provides the provision of Appeal to the claimants, thus, the claimants are challenging the Category granted to them at the original stage. Therefore, after the original approval of cases, many claimants have filed appeals /revisions in the Courts of Addl. Welfare Commissioner/ Hon'ble Welfare Commissioner, as also before the High Court of Madhya Pradesh seeking change of Category awarded to them.

The adjudication of these cases has resulted in increase of cases in the Permanent Partial Disability Category, after the commencement of ex-gratia Scheme. Under Permanent Partial Disability Category, 4902 cases were sanctioned for payment to the claimants. According to an estimate done by O/o Welfare Commissioner, a rise of 1000 cases in coming 3 years is anticipated under this Category.

Curative Petition (C) No. 345-347/2010 in CA No.3187-88/1988 has been filed by the Department of Chemicals and Petrochemicals against Union Carbide Corporation and others seeking enhanced compensation against the earlier amount settled at US \$ 470 million. The Petition is at hearing stage in the Hon'ble Supreme Court of India.

Due to the above reasons, no time frame can be given for settlement of all claims.

**MINISTRY OF CHEMICALS & FERTILIZERS**  
**(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**  
[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

## **CHAPTER – IV**

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

#### **Recommendation No. 13**

##### **Institute of Pesticides Formulation Technology (IPFT)**

4.1 The Committee note that a budgetary allocation of Rs.3 core has been made as Grants-in-aids for creation of capital Assets by Institute of Pesticides Formulation Technology (IPFT) during 2019-20 even though the institute proposed an amount of Rs.5 crore for the purpose. Since this institute is engaged in development of environment and user friendly pesticides formulation technologies and it is necessary to support the initiatives of the institute in developing bio-pesticides which are safe for human beings, the Committee recommend that additional fund requirement of the institute under this head may be considered by the Department of Chemicals and Petrochemicals and the Ministry of Finance at Revised Estimate stage.

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

#### **Reply of the Government**

4.2 The amount of Rs. 3.00 crore allocated in BE-2019-20 is being used to procure equipment namely 'Nuclear Magnetic Resonance (NMR)' required for creation of GLP (Good Laboratory Practices) facility in IPFT. Other Capital assets will be created in a phased manner. Now an amount of Rs. 5.00 crore has been allocated for this purpose in BE-2020-21.

## **Recommendation No. 15**

### **Removal of toxic waste lying in UCIL Complex, Bhopal**

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

### **Reply of the Government**

4.4 As per the decision of the Cabinet in June, 2010, the matter of providing oversight and support to all remediation actions including disposal of waste is being dealt with by the Oversight Committee constituted in the Ministry of Environment, Forest and Climate Change (M/o EF&CC). A Review meeting was held under the Chairmanship of Secretary, Department of Chemicals & Petrochemicals (DCPC) on 9<sup>th</sup> December, 2019 wherein the issue of disposal of toxic waste lying at UCIL premises was discussed with the officials of the State Government of Madhya Pradesh. It was decided in the meeting that State Government of Madhya Pradesh will take up the issue with M/o EF&CC at the highest level for resolving the issues related to disposal of toxic waste.

**MINISTRY OF CHEMICALS & FERTILIZERS  
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)  
[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]**

## CHAPTER - V

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

#### Recommendations No. 3

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

#### Reply of the Government

5.2 The Department has noted the suggestion of Hon'ble Committee and would pursue the matter in a holistic way with the Ministry of Finance for reducing GST on pesticides from 18% to 5%.

MINISTRY OF CHEMICALS & FERTILIZERS  
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)  
[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

#### RECOMMENDATION NO. 6

5.3 The Committee note that all the plants of Rasayani Unit of Hindustan Organic chemicals Ltd. (HOCL) have been closed down and the Di-Nitrogen Teraxide plants along with its employees has been transferred to Indian Space Research Organization. Subsequently PehnoI/Acetone plant of HOCL at Kochi

has started functioning as stand alone unit since July, 2017. This has enabled HOCL to achieve net turnover of Rs.472 crore and net profit of about Rs.22 crore from Kochi unit operations during the financial year 2018-19. However, during current financial year, HOCL along with other two domestic industries are affected due to cheap imports of Phenol from countries like USA and Thailand. Presently anti-dumping duties have been imposed by the Government on imports from some countries but not on all countries. Since it is very much necessary to protect the domestic industry from such dumping by foreign countries, the committee recommend that immediate necessary steps should be taken by the Department in coordination with the Ministry of Commerce to impose anti-dumping /safeguard duty on phenol imports.

### **Reply of the Government**

**5.4** M/s Deepak Phenolics Ltd., had submitted an application to DGTR for levy of safe guard duty on import of Phenol and also requested DCPC to take up the matter with DGTR. Accordingly, the Department had recommended imposition of safeguard duty on import of Phenol vide OM No. C.II-13012/04/2019- Chem.II dated 30th October 2019.

Further, a meeting was held on 18.02.2020 under the Chairmanship of Hon'ble Minister (C&F), wherein DGTR was requested to expedite the disposal of Antidumping duty cases on Phenol, taking into consideration the market scenario of phenol industry in the Country.

**MINISTRY OF CHEMICALS & FERTILIZERS  
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**  
[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

## RECOMMENDATION NO. 8

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

### Reply of the Government

5.6 The Cabinet Committee on Economic Affairs (CCEA) in its meeting on 22.01.2020 has approved shutting down the operations of the plant/unit of Hindustan Fluorocarbons Limited (HFL) and closure of the company. The CCEA decision includes grant of interest free loan of **Rs.77.20 crore** by the Govt. of India to HFL for settling the immediate closure related liabilities of the company, including for separating the 88 employees (except around 11 skeletal staff to be retained temporarily for implementing the closure) through VRS/VSS after payment of all their salary & statutory dues. The



loan of Rs.77.20 crore, along with other Govt. of India dues of HFL, is to be repaid from the disposal of land and other assets of HFL after settling all closure related liabilities.

Since HFL's operations are not likely to be sustainable after March, 2020, it is imperative to close down the operations of the company and separate its employees through VRS/VSS by 31.03.2020, so as to protect their interests and also to avoid additional liabilities on account of payment of idle wages after March, 2020. In this regard, 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 the Department's budget for 2019-20 so that the separation of employees can be completed by March-April, 2020. Minister (C&F) vide DO letter dated 12.02.2020 has also requested 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 and is being regularly pursued.

**MINISTRY OF CHEMICALS & FERTILIZERS**  
**(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)**  
[Ref: DCPC ID No.23003/01/2019-IFD dated: 17<sup>th</sup> March 2020]

New Delhi;  
..... February, 2021  
.....Magha, 1942 (Saka)

**KANIMOZHI KARUNANIDHI**  
Chairperson  
Standing Committee on  
Chemicals and Fertilizers

\*\*\*\*\*

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SECOND REPORT (17<sup>TH</sup> LOK SABHA) OF THE STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2019-20) ON 'DEMANDS FOR GRANTS (2019-2020)' OF THE MINISTRY OF CHEMICALS AND FERTILIZERS (DEPARTMENT OF CHEMICALS AND PETROCHEMICALS).**

I	Total Number of Recommendations	15
II	Observations/Recommendations which have been accepted by the Government: Vide Recommendation No. 1,2,4,5,9,10,11 & 12	
	Percentage	53.3%
III	Observations/Recommendations which the Committee do not desire to pursue in view of the Government reply:- Vide Recommendation No. 7 & 14	
	Percentage	13.3%
IV	Observation/Recommendation in respect of which reply of the Government has not been accepted by the Committee and which require reiteration:- Vide Recommendation No. 13 & 15	
	Percentage	13.3%
V	Observations/Recommendations in respect of which final replies of the Government is still awaited:- Vide Recommendation No. 3, 6 & 8	
	Percentage	20%

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

The Committee sat on Tuesday, the 11<sup>th</sup> August, 2020 from 1100 hrs. to 1430 hrs. in Committee Room No. 1 Block A, Extension to Parliament House Annexe Building, New Delhi.

**PRESENT**

**Ms Kanimozhi Karunanidhi - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri Ramakant Bhargava
3. Shri Satyadev Pachauri
4. Shri Arun Kumar Sagar
5. Shri Uday Pratap Singh
6. Dr. Manoj Rajoria

**RAJYA SABHA**

- 7 Dr. Anil Jain
- 8 Shri Vijay Pal Singh Tomar
- 9 Shri Arun Singh
- 10 Shri A. D. Singh

**SECRETARIAT**

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

2. First the Hon'ble Chairperson expressed her deep sorrow on the sad demise of Rajya Sabha Member Shri Amar Singh who was also a sitting Member of the Committee. The Committee observed two minutes silence as a mark of respect to the departed soul.

3. The Hon'ble Chairperson then welcomed three Rajya Sabha Members viz. Shri P.Selvarasu, Shri A.D.Singh and Shri Vanlalvena who have been nominated as Members of the Committee.

4. The Committee thereafter took up for consideration and adoption the following draft Action Taken Reports:

- (i) Draft Action Taken Report on 'Demands for Grants 2019-20' (Department of Chemicals and Petrochemicals);

(ii) Draft Action taken report on 'Demands for Grants 2019-20' (Department of Fertilizers); and

(iii) Draft Action Taken report on 'Demands for Grants 2019-20' (Department of Pharmaceuticals).

5. After deliberations, the above mentioned Draft Action Taken Reports were unanimously adopted by the Committee without any changes/amendments.

**Session II**

xxx

xxx

xxx

xxx

**Session-III**

xxx

xxx

xxx

xxx

A copy of the recording of the proceedings of the sitting has been kept.

***The Committee then adjourned.***

---

xxx matters not related to this report.

**MINUTES OF THE FIRST SITTING OF THE  
STANDING COMMITTEE ON CHEMICALS & FERTILIZERS (2020-21)**

The Committee sat on Monday, the 12<sup>th</sup> October, 2020 from 1100 hrs. to 1145hrs. in Committee Room 'B', Parliament House Annexe, New Delhi

**Ms. Kanimozhi Karunanidhi** - **Chairperson**

**MEMBERS  
LOK SABHA**

2. Shri Deepak Bajj
3. Shri Ramesh Chandappa Jigajinagi
4. Shri Kripanath Mallah
5. Shri Satyadev Pachauri
6. Shri Arun Kumar Sagar
7. Shri Uday Pratap Singh
8. Shri Indra Hang Subba

**RAJYA SABHA**

9. Shri M.V. Shreyams Kumar
10. Shri Jaiprakash Nishad
11. Shri Anthiyur P. Selvarasu
12. Shri Arun Singh
13. Shri A.D. Singh
14. Shri Vijay Pal Singh Tomar
15. Shri K. Vanlalvena

**SECRETARIAT**

1. Shri Manoj K. Arora - Officer on Special Duty (LSS)
2. Shri Anil Kumar Srivastava - Director
3. Shri Panna Lal - Under Secretary

**Session I**

XXXX

XXXX

XXXX

**Session-II**

XXXX

XXXX

XXXX

2. The Committee thereafter took up for consideration and adoption of following draft Action Taken Reports:

- (i) Action Taken Report on Demands for Grants 2019-20 (Department of Chemicals and Petrochemicals);
- (ii) Action Taken Report on Demands for Grants 2019-20 (Department of Fertilizers);
- (iii) Action Taken Report on Demands for Grants 2019-20 (Department of Pharmaceuticals);
- (iv) Action Taken Report on Study of System of Fertilizer Subsidy (Department of Fertilizers).
- (v) Action Taken Report on Demands for Grants 2020-21 (Department of Chemicals and Petrochemicals);
- (vi) Action Taken Report on Demands for Grants 2020-21 (Department of Fertilizers);
- (vii) Action Taken Report on Demands for Grants 2020-21 (Department of Pharmaceuticals).

3. After deliberations, the Committee adopted the draft Action Taken Report(s) unanimously without any change/amendments. The Committee also authorized the Chairperson for finalize and present the Action Taken Reports to the Parliament.

4. The Committee also decided to hold its next sitting tentatively in the second week of November, 2020.

***The Committee then adjourned.***

---

XXXX  
matters not related to this report.

