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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 Sixth Report of the Standing Committee on Chemicals and Fertilizers (Seventeenth Lok Sabha) on Demands for Grants (2020-2021) of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals)]



THIRTEENTH REPORT
LOK SABHA SECRETARIAT
NEW DELHI

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**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 Sixth Report of the Standing Committee on Chemicals and Fertilizers (Seventeenth Lok Sabha) on Demands for Grants (2020-2021) 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)

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

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 Prabhubhai Nagarbhai Vasava
17	Dr. M.K Vishnu Prasad.
18	Shri Deepak Baij
19	Dr. Manoj Rajoria
20	Shri Shriniwas Dadasaheb Patil
21	Vacant\$

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.*

\$ Shri Vasantha Kumar expired on 28.08.2020

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 Thirteenth Report (Seventeenth Lok Sabha) on Action Taken by the Government on the observations/ recommendations contained in the Sixth Report (Seventeenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers (2020-21) on Demands for Grants (2020-21) pertaining to the Department of Chemicals and Petrochemicals.

2. The Sixth Report (Seventeenth Lok Sabha) of the Standing Committee on Chemicals and Fertilizers was presented to Lok Sabha on 20.03.2020 and laid in Rajya Sabha on 20.03.2020. The Action Taken replies of Government to all observations / recommendations contained in the Report were received on 30.06.2020. The Standing Committee on Chemicals and Fertilizers (2020-21) considered and adopted this Report at their sitting held on 12.10.2020.

3. An analysis of the Action Taken by the Government on the observations/recommendations contained in the Thirteenth 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;
8 February, 2021
19 Magha, 1942 (Saka)

KANIMOZHI KARUNANIDHI
Chairperson
Standing Committee on
Chemicals and Fertilizers

Report

Chapter I

- 1.1 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 6th report (17th Lok Sabha) of the Committee on the Demand for Grants 2020-21 of the Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) which was presented to Lok Sabha on 20.03.2020. 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 6th report within three months from the date of presentation of the report is 20.03.2020. 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 their O.M. NO-23011/2/2020-IFD-CPC dated 30.06.2020. These replies have been categorised as follows:-
- (i) Observations/ Recommendations that have been accepted by the Government:- SI no. **1,2,3,5, 8,10,11, 13 & 14** (Total: **9**)
- (ii) Observations/ Recommendations which the Committee do not desire to pursue in view of the Government reply:- SI no. **4** (Total **1**)
- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and require reiteration:- SI no **12** (Total **1**)
- (iv) Observations Recommendations in respect of which final replies of the Government are still awaited:- SI no. **6,7,9 & 15** (Total **4**)
- 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 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.”**

Reply of the Government

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

- (i) “The Government has taken many measures to facilitate production of chemicals and petrochemicals in the country. The industry is free from industrial licensing regime; only IEM from DPIIT is required to be obtained for setting up new undertaking or to carry out substantial expansion. The latest and state-of-art technology of chemicals and petrochemicals is freely allowed under automatic foreign technology agreement initiative of the RBI and also 100% FDI is permissible under automatic route except from contiguous Nations. Government has reduced corporate tax rate and abolished Dividend Distribution Tax. Due to these measures, the industry is expected to make further progress in achieving more production in the sector.
- (ii) Numbers of initiatives have been already taken in the recent past to attract mega investments for setting up world scale capacity plants, enhance ease of doing business. Advisory Forum has been set up under the chairmanship of Minister(C&F) for resolving the problems faced by the industry. The Department has been engaging with leading global players to facilitate them to set up world class plants in India. The PCPIR Policy has been announced to provide integrated top-class infrastructure in the investment regions. All initiatives are being further strengthened which shall contribute towards achieving higher competitiveness & more growth in the sector.
- (iii) Currently, all integrated/standalone petrochemical complexes are being planned/ setup of world scale capacity/infrastructure, as there is no viability of the complexes below of world scale capacity.
- (iv) Wherever there is low capacity utilization of the plant and the products manufactured in the plant are imported in the country; the same is being considered for restriction on import.”

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[Ref: DCPC OM No.23011/2/2020-Fin Dated: 30.06.2020]

Further Comments of the Committee

1.7 The Committee note from the reply given by the Department that the Government has taken many measures to facilitate production of chemicals and petrochemicals in the country viz. chemical and petrochemical industry is mostly free from industrial licensing regime, the latest and state-of-art technology of chemicals and petrochemicals is freely allowed under automatic foreign technology agreement initiative of the RBI and also 100% FDI is permissible under automatic route except

from contiguous nations. Further the Government has reduced corporate tax rate and abolished Dividend Distribution Tax. The Department has also stated that it is engaging with leading global players to facilitate them to set up world class plants in India. In this regard, the Committee urge the Department to pursue these engagements very aggressively particularly in the changed global scenario due to COVID 19 pandemic as there are opportunities to attract global players who would like to shift their production bases by impressing upon them the ease of doing business opportunities in India. The Committee further note that an Advisory Forum has been set up under the chairmanship of Minister(C&F) for resolving the problems faced by the industry. In this regard, the Committee would like to be apprised of the achievements made by this Forum in resolving the problems being faced by the industry so far. The Department in its reply has further stated that wherever there is low capacity utilization of the plant and the products manufactured in the plant are imported in the country; the same is being considered for restriction on import. While appreciating this stand taken by the Department to protect the domestic manufacturers through imposition of restriction on import of the products for which the production capacity is available in the country, the Committee recommend that the Department should look into the reasons for low capacity utilization of the plants in the country and necessary corrective steps be taken to enable the domestic manufacturing industry fully utilize their installed capacity so as to make them globally competitive.

Recommendation No. 12
Setting up of Plastic WMCs

1.8 Noting the need for plastic waste management in the cities, the Committee had desired for swift action to be taken to expedite the setting up of the four approved PWMCs and had recommended as under:-

“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”.

Reply of the Government

1.9 The Department of Chemicals and Petrochemicals in its reply to the aforementioned recommendation had furnished the following information:-

“In order to address the environmental issues related to plastics, Government of India has approved four Plastics Waste Management Centres (PWMCs) in the country at Ahmedabad, Bengaluru, Patna and Varanasi with the main objective to create awareness on plastics waste management, promote cost effective recycled plastics material grades for end-use applications, entrepreneur development in plastic recycling, networking of rag pickers with processors, manpower development through training in the field of recycling technology, to create business and employment opportunities using waste to wealth concepts and also technically help in tackling the issue of plastics waste disposal in the country.

CIPET, in consultation with the local authorities, is in the process of identifying suitable land for Setting up of Plastic Waste Management Centres (PMWCs) at Ahmedabad, Bengaluru, Patna and Varanasi”.

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Further Comments of the Committee

1.10 The Committee are concerned to note that the action taken reply furnished by the Department has not fully addressed the recommendations made by the Committee regarding setting up of four plastic waste management centres (PVMCS) in Ahemdabad, Bengaluru, Patna and Varanasi. Thrust of the recommendations were swift action for setting up of these Centres, necessary budgetary allocation for the setting up of these Centres and setting up of more such

Centres in other cities. However, no progress or very little progress has been made in setting up of four PWMCs as the Department has furnished the same reply that the CIPET, in consultation with local authorities is in the process of identifying suitable land for setting up of PWMCs in all the four cities. Moreover, the reply given by the Department is silent on other aspects of the recommendation regarding budgetary allocation and opening of more such Centres in other cities in the country. The problem of plastic waste is increasing day by day in the country and it is a huge challenge before the civic bodies to effectively manage the plastic waste in view of the environmental hazards posed by it. Such delays in setting up of these PWMCs would make it very difficult to reach the lofty goals envisaged for these Centres viz. creation of awareness on plastics waste management, promotion of cost effective recycled plastics material grades for end-use applications, entrepreneur development in plastic recycling, networking of rag pickers with processors, manpower development through training in the field of recycling technology, creation of business and employment opportunities using waste to wealth concepts in the country. Since it is very much necessary to create a strong network these Centres in all cities in a time bound manner, the Committee reiterate the earlier recommendations that swift action should be taken by the Department to set up all the four PWMCs within a definite time frame by taking up the matter of land identification at the highest level with the concerned State Governments, requisite amount of budgetary allocation which is necessary for implementation of the project should be obtained through Supplementary Demands for Grants during this financial year and the measures to set up these Centres in more cities in the country should be started at the right earnest. Action taken on the above recommendations should be intimated to the Committee.

Recommendation No. 13

Institute of Pesticide Formulation Technology (IPFT)

1.11 Noting the importance and potential of Institute of Pesticides Formulation Technology (IPFT), the Committee had recommended as under:-

“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 analyzed /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.”

Reply of the Government

1.12 The Department of Chemicals and Petrochemicals in its reply of the aforementioned recommendation had stated as under:-

(i) “To minimize the risks and disadvantages of conventional and solvent based formulations, IPFT has developed various user & environment friendly new generation formulations like Suspension Concentrates, Water Dispersible Granules, Controlled Release Formulations, Concentrated & Micro-emulsions, Spreading Formulations, Suspo -emulsions, Micro and Nano encapsulation, Gel and Tablet Formulations, Bio-botanical Pesticide Formulations.

The new generation formulations provide desired bio-efficacy and minimize the disadvantages and problems associated with the use of conventional and solvent based formulations. These formulations contain no or minimum solvent, therefore, safer to the user and do not create the hazards. Fine sizes of dispersed droplets provide very good bio-efficacy on the target pests at the same or lower doses of pesticides. These formulations minimize the risk of skin toxicity, flammability and phytotoxicity and pesticide residue in food products. IPFT has successfully developed 65 technologies

of new generation formulations. Many technologies have been transferred to different industries for scaling up to commercial production.

These formulations, developed by IPFT, safeguard the human health and environmental concerns expressed due to use of conventional pesticide formulations. These formulations will help farmers in sustainable agriculture.

- (ii) Use of excessive amount of pesticides beyond the prescribed limit for agricultural and non-agricultural purposes may result in the presence of their residues in surface and ground water resources. Also, the extra quantity of pesticides released into the environment are regarded as toxic substances. Contamination occurs not only due to current use of agrochemicals but also due to leaching of persistent ingredients from soil. Pesticide contamination of surface water in a particular region depends on several factors, such as closeness of crop fields to surface water, characteristics of surrounding fields and climate conditions.

IPFT is already doing pesticide residue analysis in water and soil for Haryana Horticulture for last few years. The Institute has the facilities where farmers can be educated and trained for the purposeful use of the agrochemicals according to Agricultural Good Practices.

Considering the capabilities, objectives of IPFT & facilities available at this Institute Government of Rajasthan has sanctioned a mega project entitled “Monitoring of Pesticide Residue in the farm produce of Rajasthan” for the better of framing community and living beings in the State of Rajasthan with a view to doubling the farmers income.

- (iii) The ministry will explore the possibility of opening of IPFT in different parts of India to enable it conduct analysis of soil and water in time bound manner.”

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Further Comments of the Committee

1.13 The Committee are satisfied to note that the Institute of Pesticides Formulation Technology (IPFT) has developed various user and environment friendly new generation formulations which minimize the risk of skin toxicity, flammability and phytotoxicity and pesticide residue in food products. IPFT has successfully developed 65 technologies of new generation formulations. Many of these technologies have been transferred to different industries for scaling up to commercial production. The Committee would like to be apprised of the status of these transferred technologies and whether these pesticides formulations are being used for production and use on the field alongwith the benefits accrued to the farmers thereon. The Committee note that IPFT is doing

pesticide residue analysis in water and soil for Haryana Horticulture for the last few years and Government of Rajasthan has sanctioned a mega project entitled “Monitoring of Pesticide Residue in the farm produce of Rajasthan” for the better of farming community and living beings in the State of Rajasthan. The Committee are of the view that there is a need for regular monitoring of pesticides residues in farm produce, water and soil in all parts of the country keeping in view the human health and sustainable agriculture. Thus, there is a need for opening of more IPFT branches in other parts of the country. This will not only enhance the monitoring of pesticides residues capacity, it will be cater to different needs of farmers in different parts of the country including education and training of farmers in purposeful use of agrochemicals according to Good Agricultural Practices. In this regard, the Committee note the reply given by the Department that it will explore the possibility of opening of IPFT in different parts of the country. The Committee would like to be apprised of the action taken by the Department in the matter.

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

1.14 The Committee while expressing dissatisfaction over the lackadaisical response to the important issue of disposal of toxic waste lying at the UCIL complex had recommended as under:-

“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”.

Reply of the Government

1.15 The Department in its reply to the aforementioned recommendation had stated as under:-

“As per Union Cabinet decision taken in the year 2010, the Government of Madhya Pradesh would be responsible for undertaking disposal of hazardous

wastes and remediation of the erstwhile UCIL plant at Bhopal. Ministry of Environment, Forest and Climate Change had constituted the Oversight Committee to provide oversight and support to the Government of Madhya Pradesh in taking necessary remedial actions. Oversight Committee could provide oversight and technical support only when there is a proposal from Government of Madhya Pradesh before its consideration. Department of Chemicals and Petrochemicals has taken up the issue with the State Government time and again. In the Review Meeting held on 9th December, 2019 under the Chairmanship of Secretary, Department of Chemicals and Petrochemicals, it was decided that Government of Madhya Pradesh will write to Ministry of Environment, Forest & Climate Change at the highest level for resolving the issue of disposal of waste. Despite repeated reminders, no response has been received from Government of Madhya Pradesh, so far”.

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[Ref: DCPC OM No.23011/2/2020-Fin Dated: 30.06.2020]**

Further Comments of the Committee

1.16 The Committee are dismayed to note that no response has been received from the Government of Madhya Pradesh despite repeated reminders sent by the Government of India on resolving the issue of disposal of toxic waste which is lying at the UCIL complex in Bhopal even after 36 years of the tragedy. According to the decision of the Union Cabinet in 2010, the Government of Madhya Pradesh would be responsible for undertaking disposal of hazardous wastes and remediation of the erstwhile UCIL plant. However, it is a matter of grave concern that even after 10 years of that Union Cabinet decision, no progress has been made in the matter notwithstanding the fact that the toxic waste lying in UCIL Complex is a potential health hazard to the people living in the vicinity. In view of the successful incineration of 10 metric tons of the toxic waste on the direction of Hon'ble Supreme Court, it is clear that the remaining quantum of 340 metric tons of toxic waste can be disposed off with same vigour but no concrete steps have been taken either by the Union Government or the State Government for the disposal of the waste so far despite knowing the havoc caused by the historic tragedy which killed thousands of people and critically affected the health of tens of thousands of more people. If the State Government is either not showing interest or unable to initiate steps to dispose the toxic waste and remediation of the area, it is the responsibility of the Union Government to do the needful for the early disposal of the toxic waste lying at the UCIL complex. If needed, the matter may be placed before the Union Cabinet for a fresh decision in the matter. The progress made in this regard may be intimated to the Committee.

Chapter II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation SI no. 1 Production of Chemicals and Petrochemicals

2.1 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 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.

Reply of the Government

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

- (iv) The Government has taken many measures to facilitate production of chemicals and petrochemicals in the country. The industry is free from industrial licensing regime; only IEM from DPIIT is required to be obtained for setting up new undertaking or to carry out substantial expansion. The latest and state-of-art technology of chemicals and petrochemicals is freely allowed under automatic foreign technology agreement initiative of the RBI and also 100% FDI is permissible under automatic route except from contiguous Nations. Government has reduced corporate tax rate and abolished Dividend Distribution Tax. Due to these measures, the industry is expected to make further progress in achieving more production in the sector.
- (v) Number of initiatives have been already taken in the recent past to attract mega investments for setting up world scale capacity plants, enhance ease of doing business. Advisory Forum has been set up under the chairmanship of Minister(C&F) for resolving the problems faced by the industry. The Department has been engaging with leading global players to facilitate them to set up world class plants in India. The PCPIR Policy has been announced to provide integrated top-class infrastructure in the investment regions. All initiatives are being further strengthened which shall contribute towards achieving higher competitiveness & more growth in the sector.
- (vi) Currently, all integrated/standalone petrochemical complexes are being planned/ setup of world scale capacity/infrastructure, as there is no viability of the complexes below of world scale capacity.
- (vii) Wherever there is low capacity utilization of the plant and the products manufactured in the plant are imported in the country; the same is being considered for restriction on import.

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Recommendation No. 2

Review of structure of taxes on Chemicals and Petrochemicals

2.3 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 petrochemicals 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.

Reply of the Government

2.4 Every year, DCPC consults industry associations for recommending suitable duty structure for boosting the growth of the sector. Pre-budget proposal for the year 2020-21 was formulated after consultation with the industry associations and submitted to Department of Revenue based on the following criteria:

(i) In general, where the gap between domestic capacity and demand is very small, capacity utilization is low, it may propose enhancement in BCD (Basic Custom Duty). In cases, where the gap between capacity and demand is very high, progressive increase in BCD has been proposed for incentivizing new investments for capacity creation.

(ii) BCD on basic feedstock/building blocks is proposed to be kept at the minimum. BCD on intermediates is kept moderately high. BCD on finished products is kept higher than the BCD applicable to intermediates. Future growth and development of both upstream and downstream products is kept in mind while formulating the Budget proposals. Due attention is also given to the fact that no inverted duty structure should exist due to our proposals. It is there evident that due diligence has been done in formulating our budget proposals. It is proposed that the 'High-Level Group' as suggested by Standing Committee may be constituted, while formulating Budget Proposal for the year 2021-22 after consulting Department of Commerce, Department for Promotion of Industry and Internal Trade, and Department of Revenue.

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Recommendation No. 3

Budget allocation of the Department of Chemical and Petrochemicals

2.5 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.

Reply of the Government

2.6 The Department has noted the recommendation of the Committee for proper analysis of the requirement of funds for specific schemes and all efforts are being 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.

It is further to inform that in BE 2019-20 an amount of Rs.31.65 crore was allocated and was fully utilized and released to the Plastic Parks/Centres of Excellence in phases depending upon their progress reports, utilization of funds and eligibility for getting additional funds. Based on analysis and projected requirements for all the Plastic Parks, Programme Division had sent a proposal for Budget requirement of Rs.60.86 crore during BE 2020-21, however it got reduced to Rs.53.79 crore. Department shall make all out efforts to utilise the full fund.

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[Ref: DCPC OM No.23011/2/2020-Fin Dated: 30.06.2020]

Recommendation No. 5
Response of entrepreneurs to Plastic Parks

2.7 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 so as to attract entrepreneur to set up their units in the plastic parks.

Reply of the Government

2.8 The Department is making continuous efforts in this direction. The State Government/ implementing agency of Plastic Park are being advised 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 which is in the long term interest of the state. As a result many Plastic Parks have reduced land price substantially.

The Department has also convinced its erstwhile PSU, BCPL to extend support to MSME setting up units in Plastic Park. As a result BCPL now helping Plastic Industry by giving special discount to the extent of Rs 750/MT + Rs 500/MT on purchase raw material (Polymers) from BCPL to units coming up in the Tinsukia Plastic Park.

Other State Governments have also been advised by the Department during meetings to provide incentives to the Plastic Industry to attract and encourage them to invest in the Plastic Parks.

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Recommendation No. 8

Closure of HFL

2.9 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.

Reply of the Government

With regard to providing interest free loan of Rs.77.20 crore to HFL for settling the closure related liabilities of HFL, the Ministry of Finance vide OM dated 02.03.2020 had suggested that the proposed payment to HFL may be considered in the next Financial Year when the Budget 2020-21 would become available. Accordingly, requisite proposal for providing the loan amount of Rs.77.20 crore in the Department's budget for 2020-21, including through advance from the Contingency Fund of India (CFI), was sent to the M/o Finance on 22.04.2020.

Vide OM dated 11.05.2020, M/o Finance has conveyed grant of an advance of Rs.73.70 crore from the CFI to the Department's budget in light of implementation of the CCEA decision for closure of HFL, with the advice that DCPC may accordingly issue formal sanction order for expenditure. Based on this, formal sanction order for releasing the interest free loan of Rs.73.70 crore to HFL for settling closure related liabilities of the company, including for giving VRS/VSS compensation to the employees and payment of their other outstanding dues, has been issued by the Department on 19.05.2020.

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[Ref: DCPC OM No.23011/2/2020-Fin Dated: 30.06.2020]**

Recommendation No. 10

CIPET

2.10 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.

Reply of the Government

2.11 The Government of India through EFC held on 13.04.2016 has approved 11 new CIPET centres with a total project cost of Rs. 562.32 crore to be shared by the Government of India and the respective State Government on 50:50 basis. Process of establishment of these centres are ongoing. However, some new centres / sub-centres at Andaman & Nicobar, Nellore, Gurugram, Goa and Nagpur are also in pipeline, for which correspondences are being made.

It is further informed that CIPET adopts the reservation rules of the union government while giving admission in CIPET Centres for various courses. The category-wise number of persons trained in the last 3 years is furnished below –

Category	2017-18	2018-19	2019-2020
General	24771	26551	22631
SC	10529	9963	9428
ST	4082	3441	3303
OBC	21764	21838	19334
PWD	57	48	63
Minority	525	479	430
EWS	-	-	188
Women**	8328	8695	7785
Total	70056	71015	63162*

*Ongoing training programmes were suspended from 2nd week of March 2020 due to COVID ** reservation rules were also followed while selecting women candidates.

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Recommendation No. 11
Change of nomenclature of CIPET

2.12 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.

Reply of the Government

2.13 The Governing Council of CIPET in its 130th meeting accorded approval to rename CIPET as Central Institute of Petrochemicals Engineering and Technology (CIPET) and accordingly the approval of the competent authority has also been taken. Further action has been initiated to complete the formalities for renaming of Central Institute of Plastics Engineering & Technology as “Central Institute of Petrochemicals Engineering and Technology (CIPET)

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

2.14 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.

Reply of the Government

- i) To minimize the risks and disadvantages of conventional and solvent based formulations, IPFT has developed various user & environment friendly new generation formulations like Suspension Concentrates, Water Dispersible Granules, Controlled Release Formulations, Concentrated & Micro-emulsions, Spreading Formulations, Suspo -emulsions, Micro and Nano encapsulation, Gel and Tablet Formulations, Bio-botanical Pesticide Formulations.

The new generation formulations provide desired bio-efficacy and minimize the disadvantages and problems associated with the use of conventional and solvent based formulations. These formulations contain no or minimum solvent, therefore, safer to the user and do not create the hazards. Fine sizes of dispersed droplets provide very good bio-efficacy on the target pests at the same or lower doses of pesticides. These formulations minimize the risk of skin toxicity, flammability and phytotoxicity and pesticide residue in food products. IPFT has successfully developed 65 technologies of new generation formulations. Many technologies have been transferred to different industries for scaling up to commercial production.

These formulations, developed by IPFT, safeguard the human health and environmental concerns expressed due to use of conventional pesticide formulations. These formulations will help farmers in sustainable agriculture.

- ii) Use of excessive amount of pesticides beyond the prescribed limit for agricultural and non-agricultural purposes may result in the presence of their residues in surface and ground water resources. Also, the extra quantity of pesticides released into the environment are regarded as toxic substances. Contamination occurs not only due to current use of agrochemicals but also due to leaching of persistent ingredients from soil. Pesticide contamination of surface water in a particular region depends on several factors, such as closeness of crop fields to surface water, characteristics of surrounding fields and climate conditions.

IPFT is already doing pesticide residue analysis in water and soil for Haryana Horticulture for last few years. The Institute has the facilities where farmers can be educated and trained for the purposeful use of the agrochemicals according to Agricultural Good Practices.

Considering the capabilities, objectives of IPFT & facilities available at this Institute Government of Rajasthan has sanctioned a mega project entitled “Monitoring of Pesticide Residue in the farm produce of Rajasthan” for the better of framing community and living beings in the State of Rajasthan with a view to doubling the farmers income.

- iii) The ministry will explore the possibility of opening of IPFT in different parts of India to enable it conduct analysis of soil and water in time bound manner.

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

2.15 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.

Reply of the Government

2.16 As per Union Cabinet decision taken in the year 2010, the Government of Madhya Pradesh would be responsible for undertaking disposal of hazardous wastes and remediation of the erstwhile UCIL plant at Bhopal. Ministry of Environment, Forest and Climate Change had constituted the Oversight Committee to provide oversight and support to the Government of Madhya Pradesh in taking necessary remedial actions. Oversight Committee could provide oversight and technical support only when there is a proposal from Government of Madhya Pradesh before it's consideration. Department of Chemicals and Petrochemicals has taken up the issue with the State Government time and again. In the Review Meeting held on 9th December, 2019 under the Chairmanship of Secretary, Department of Chemicals and Petrochemicals, it was decided that Government of Madhya Pradesh will write to Ministry of Environment, Forest & Climate Change at the highest level for resolving the issue of disposal of waste. Despite repeated reminders, no response has been received from Government of Madhya Pradesh, so far.

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Chapter III

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

Recommendation No. 4 Setting up of Plastic Parks

3.1 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, Jharkhand and Tamil Nadu. In this regard, the committee are concerned to note none of these Parks have started actual production activities in their parks. Physical progress of work has now only been completed in Tamot, Madhya 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.

Reply of the Government

3.2 The Department monitors progress of Plastic Parks constantly and pursue with the State Governments by reviewing progress reports, holding review meetings and site 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.

It is the result of monitoring the progress that physical infrastructure of Tamot (MP) Plastic Park is almost completed and Paradeep (Odisha) is near to completion. Bilaua (MP) and Jharkhand Plastic Park are showing good progress, however progress of Tinsukia (Assam) Plastic park is slow due to specific issues of NER. Tamilnadu Plastic Park has also awarded the work the implementing agency TNIDCO is confident to get the work completed in time.

The 'in-principle" approval accorded to States of Uttarakhand, Chhattisgarh, Haryana and West Bengal reviewed regularly and now Uttarakhand has submitted its revised DPR which is under evaluation by a committee. State Government of Haryana, Chhattisgarh and West Bengal still have not complied and they are being given final opportunity to comply with the guidelines failing which 'in-principle" approval accorded to them would be withdrawn.

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. 12 Setting up of Plastic WMCs

4.1 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.

Reply of the Government

4.2 In order to address the environmental issues related to plastics, Government of India has approved four Plastics Waste Management Centres (PWMCs) in the country at Ahmedabad, Bengaluru, Patna and Varanasi with the main objective to create awareness on plastics waste management, promote cost effective recycled plastics material grades for end-use applications, entrepreneur development in plastic recycling, networking of rag pickers with processors, manpower development through training in the field of recycling technology, to create business and employment opportunities using waste to wealth concepts and also technically help in tackling the issue of plastics waste disposal in the country.

CIPET, in consultation with the local authorities, is in the process of identifying suitable land for Setting up of Plastic Waste Management Centres (PMWCs) at Ahmedabad, Bengaluru, Patna and Varanasi.

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CHAPTER - V

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

Recommendation No. 6

Sale of Land of HOCL

5.1 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.

Reply of the Government

5.2 The land for HOCL's Rasayani unit in Maharashtra, that has been shut down under the restructuring plan of the company, was acquired by the State Govt. in the 1960s. HOCL has stated that the land owners were fully compensated and the company had also given employment to the project affected people. As per the land revenue records, HOCL is the absolute owner and possessor of the land. Further, the process of sale and registration of the 684 acres of land at Rasayani, that have so far been approved by the Govt. of India for sale to BPCL, was initiated only after the requisite NOC for the land sale was given to HOCL by the Maharashtra Govt.

For resolution of the issues delaying the disposal of HOCL land at Rasayani (and approx. 7 acres at Panvel), a meeting with all the stakeholders concerned was taken by Secretary (C&PC) and Chief Secretary, Maharashtra, in Mumbai on 12.02.2020. After follow up by this Department/HOCL (including DO reminder from Secretary (C&PC) to CS, Maharashtra, on 28.05.2019) minutes of the meeting has been issued by the State Govt. on 02.06.2020. As per the minutes, following discussions were held and decisions taken in the meeting:

- (i) For the land already registered in favour of BPCL, all necessary support will be provided by the State Govt. to enable BPCL to take full possession and fence the area.
- (ii) NOC for sale of HOCL land at Panvel and sale of land to IOCL at Rasayani will be processed and expedited by the State authorities concerned.

(iii) Report of the Committee constituted by the State Govt. on the grievances of the project affected villagers is under consideration and further necessary action will be taken as per the decisions to be taken by the State Govt. on the said report.

(iv) Regarding concerns of villagers having scattered houses on HOCL land, a proposal for payment of some compensation will be prepared by the Divisional Commissioner, Konkan, to resolve the issue.

The above issues are being followed up by HOCL with BPCL and State Govt. authorities concerned. Further necessary action for disposal of HOCL's land at Rasayani and Panvel will accordingly be taken based on the progress made by the State Govt. on the above issues.

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Recommendation No. 7
Kochi Unit of HOCL

5.3 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.

Reply of the Government

5.4 Application of M/s HOCL and other Phenol Producer was sent to Directorate General of Trade Remedies (DGTR), D/o Commerce for levy of safeguard duty on import of Phenol with the approval of Hon'ble Minister (C&F) vide OM dated 30.10.2019. In spite of reminders dated 15.11.2019 & 28.02.2020 the status report on imposition of safeguard duty on import of Phenol has not been received from DGTR.

The joint petition of M/s Hindustan Organic Chemicals Ltd. (HOCL), M/s Deepak Phenolics Ltd. & M/s SI Group India Pvt. Ltd. Manufacturing Phenol was sent to DGTR for initiation & Imposition of Anti-Dumping Duty on imports of Phenol from

Thailand and USA vide OM dated 27.02.2020 with retrospective effect as per the provisions of Customs Tariff Act.

A D.O. letter dated 13.05.2020 from Secretary (C&PC) also has been sent to Secretary, D/o Commerce to examine the request of HOCL for imposition of provisional/ interim anti-dumping duty on import of phenol from Thailand and USA.

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Recommendation No. 9

HIL (India) Ltd.

5.5 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.

Reply of the Government

5.6 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 is closed, it would not be possible for the Department to extend any direct financial assistance/ budgetary support for working capital funds to HIL. However, to facilitate the company to tide over its liquidity constraints and run its business operations smoothly and profitably in the near future, the Department has processed HIL's proposal for extending

Govt. of India guarantee for enabling the company to raise additional working capital loan of Rs.100 crore from any public sector bank, and referred the said proposal to the M/o Finance for its approval.

For helping HIL in its R&D efforts, the outcome of R&D activities of IPFT and CIPET (autonomous bodies under the Department) that are engaged in R&D activities in the field of pesticide formulations, polymeric materials, etc., 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.

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 11.05.2020 has conveyed the Committee's concern and recommendation to the Secretary, MoH&FW, along with the request to expedite the DDT related payments/vetting of interest claim of HIL. *NVBDCP vide letter dated 15.06.2020 has informed that meetings to resolve the issues related to payment of DDT and vetting of the company's interest claim are being held under the Chairmanship of AS&FA, MoH&FW, and that decisions, if any, of MoH&FW will be communicated in due course.*

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[Ref: DCPC OM No.23011/2/2020-Fin Dated: 30.06.2020]

Recommendation No. 15
Compensation to the victims of BGLD

5.7 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.

Reply of the Government

5.8 Based on the decision of the Union Cabinet in 2010, an amount of Rs.874.28 crore was allocated for providing additional compensation to the victims of the Bhopal gas tragedy under different categories. Cancer and Total Renal Failure are two categories under ex-gratia in which compensation of Rs.2 lakh per victim is awarded. The recommendation of the Committee for increasing the amount in these two categories is noted and the Department of Chemicals and Petrochemical will examine the matter in consultation with Government of Madhya Pradesh and Ministry of Finance. The recommendation of the Committee regarding steps should be taken to award compensation/ex-gratia to all victims without much appealing processes is also noted and will be taken up with the Office of the Welfare Commissioner, Bhopal Gas Victims, Bhopal and State Government of Madhya Pradesh.

**MINISTRY OF CHEMICALS & FERTILIZERS
(DEPARTMENT OF CHEMICALS AND PETROCHEMICALS)
[Ref: DCPC OM No.23011/2/2020-Fin Dated: 30.06.2020]**

**New Delhi;
08 February, 2021
19 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 SIXTH REPORT (17TH LOK SABHA) OF THE STANDING COMMITTEE
ON CHEMICALS & FERTILIZERS (2020-21) 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. 1,2,3,5, 8,10,11, 13 & 14	
	Percentage	60%
III	Observations/Recommendations which the Committee do not desire to pursue in view of the Government reply:- Vide Recommendation No. 4	
	Percentage	6.67%
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. 12	
	Percentage	6.67%
V	Observations/Recommendations in respect of which final replies of the Government is still awaited:- Vide Recommendation No. 6,7,9 & 15	
	Percentage	26.66 %

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

The Committee sat on Monday, the 12th 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 Baij
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

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Session-II

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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.