

Policy Resolution for Promotion of
Petroleum, Chemicals and Petrochemical Investment Regions (PCPIRs)

POLICY OBJECTIVES

1. The Petroleum, Chemicals and Petrochemical industry in India is well established and has recorded a steady growth over the years. The industry offers a wide scope for development that contributes positively to economic growth and regional development. The future outlook for the industry is bright with positive developments anticipated in various chemical sub sectors.

2. To promote investment in this sector and make the country an important hub for both domestic and international markets, the government has decided to attract major investment, both domestic and foreign, by providing a transparent and investment friendly policy and facility regime under which integrated Petroleum, Chemicals & Petrochemical Investment Regions (PCPIRs) may be set up. The PCPIRs would reap the benefits of co-siting, networking and greater efficiency through the use of common infrastructure and support services. They would have high-class infrastructure, and provide a competitive environment conducive for setting up businesses. They would thus result in a boost to manufacturing, augmentation of exports and generation of employment.

CONCEPT OF PCPIR

3. A Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) would be a specifically delineated investment region with an area of around 250 square kilometers planned for the establishment of manufacturing facilities for domestic and export led production in petroleum, chemicals & petrochemicals, alongwith the associated services and infrastructure.
4. A PCPIR would be a combination of production units, public utilities, logistics, environmental protection mechanisms, residential areas and administrative services. It would have a processing area, where the manufacturing facilities, alongwith associated logistics and other services, and required infrastructure will be located, and a non-processing area, to include residential, commercial and other social and institutional infrastructure. The minimum processing area for the PCPIR will be about 40% of the total designated area, i.e., around 100 sq km. The processing area may or may not be contiguous.
5. The PCPIR may include one or more Special Economic Zones, Industrial Parks, Free Trade & Warehousing Zones, Export Oriented Units, or Growth Centres, duly notified under the relevant Central or state legislation or policy. All the benefits available under the relevant legislation or policy will continue to remain available to the said Zones or Parks, as the case may be, forming part of the PCPIR.
6. The PCPIR could cover existing settlements/industries & estates/ services and would therefore benefit from and be complementary to the region. The concerned state government may not acquire the entire area comprising the PCPIR, but it will notify the same under the relevant Act for proper planning and zoning to ensure coordinated development.

(Note: The word 'state' as used in this document shall include Union Territory)

7. Each PCPIR would have a refinery/ petrochemical feedstock company as an anchor tenant. The internal infrastructure of the PCPIR will be built and managed by a Developer, or a group of Co-developers. The external linkages will be provided by Government of India and the concerned state government. The users of external as well as internal infrastructure will pay for its use, except to the extent that the government supports the service through budgetary resources.

ROLE OF THE CENTRAL GOVERNMENT

8. Government of India (GOI) will consider under this Policy all applications for establishment of PCPIRs and approve expeditiously such proposals as are found feasible. It will constitute a High Powered Committee to ensure necessary coordination among central ministries and state government, and also monitor the progress of environmental and other clearances, as well as development of the PCPIR, at required intervals.
9. Government of India will ensure the availability of external physical infrastructure linkages to the PCPIR including Rail, Road (National Highways), Ports, Airports, and Telecom, in a time bound manner. This infrastructure will be created/upgraded through Public Private Partnerships to the extent possible. Central Government will provide the necessary viability gap funding through existing schemes. Wherever necessary, requisite budgetary provisions for creation of these linkages through the public sector will also be made.
10. Government of India will also support the state government concerned, and its agencies, in the dissemination of information, with a view to promoting domestic as well as global investment in the PCPIR.

ROLE OF THE STATE GOVERNMENT

11. The State Government would play the lead role in setting up of the PCPIR. It would identify a suitable site, prepare the proposal and seek approval as elaborated below. It will notify the PCPIR area under the relevant Act, and acquire/ assist in acquiring the land necessary for setting up of the infrastructure, processing and non-processing areas. The acquisition of land if any must be in accordance with law and must provide for rehabilitation as per the laid down norms. As far as possible acquisition of agricultural land may be avoided.
12. The State Government, applying for a PCPIR, will ensure that after notifying the area, all physical infrastructure and utilities linkages under its jurisdiction are provided within a stipulated time frame. The State Government will notify a nodal Department, which will coordinate these linkages. This Department along with relevant authorities will facilitate all clearances required from the State Government.
13. In particular, the State Government will be responsible for providing/facilitating the following infrastructure:
 - i) Power connectivity and availability of reliable and good quality power. The units may also seek open access as per the regulations of the State Electricity Regulator Commission.
 - ii) Provision of bulk requirements of water;
 - iii) Road connectivity (State roads);
 - iv) Sewerage and effluent treatment linkages, from edge of PCPIR, to the final disposal sites;

- v) Appropriate infrastructure to address the health, safety and environmental concerns.
14. The State Government may also notify an additional package of incentives for the development of the PCPIR.
 15. The State Government would constitute a Management Board for development and management of the PCPIR, with functions as detailed below. This may be done under the relevant state Act; the state will legislate a new Act if necessary.

INSTITUTIONAL FRAMEWORK

16. The Department of Chemicals and Petrochemicals (DoC&PC) will be the nodal department of the Government of India for the PCPIRs.
17. A High Powered Committee constituted by the Government of India will scrutinize applications for setting up the PCPIR, and subsequently monitor and expedite the progress of implementation. The composition of the High Powered Committee is at Annex 1.
18. A Management Board constituted by the concerned state government for each PCPIR, under the relevant legislation, will be responsible for the development and management of the PCPIR. It will also be empowered to issue/expedite state level approvals. If the state legislation permits, the Board may be an SPV in a corporate form headed by a CEO with sufficient autonomy, with the participation of the Developer or Co-developers, as well as the anchor tenant. In addition the State Government should also constitute a supervisory body as a PCPIR state level Empowered Committee to :
 - a) monitor, review and appraise the functions and the performance of the PCPIR.
 - b) deal with issues relating to disputes between the stakeholders.

- c) Any other function as may be prescribed by the State Government.

PROCEDURE

19. The application for notification of a PCPIR shall be moved by the State Government concerned to the nodal Ministry namely Department of Chemicals & Petrochemicals. The State Government will attach with its application a Project Proposal as per format at Annex 2.
20. DoC&PC would ensure, in consultation with the State Government, and the central Ministries concerned, that the proposal is as per this Policy and then place it before the High Powered Committee for its recommendations.
21. DoC&PC will place the recommendations of the High Powered Committee before the Cabinet Committee on Economic Affairs for decision.
22. The following guidelines will be kept in view while considering a PCPIR Proposal:
 - i) Potential generation of additional economic activity and future growth, including generation of additional employment.
 - ii) Potential investment from domestic and foreign sources for production of goods & services.
 - iii) Potential linkages for Petroleum, Chemical and Petrochemical investment facilities both domestically and internationally.
 - iv) Willingness and commitment of the State Government.
 - v) Interest of major anchor industry including PSUs.
 - vi) Present infrastructure linkages to the proposed site, and estimated cost of required addition/ upgradation.
 - vii) Land Availability, especially close to port

- viii) Port connectivity/port condition (available draft, existing facilities, natural calamity risk).
 - ix) Maintenance of ecological balance and sustainable development in the region and ensure conformity with Environmental Laws in force.
23. The Note submitted to the CCEA for approval of a PCPIR will clearly state the commitments of GoI to the provision of infrastructure (National highways, Railways, Ports, Airports, Telecom) in a time bound manner.
24. Each PCPIR will be notified separately by DoC&PC after CCEA approval in each case. Each concerned central Ministry will then prepare detailed project reports, and obtain financial approvals to the same expeditiously as per extant guidelines of Ministry of Finance. Department of C&PC will enter into a Memorandum of Agreement with the State Government concerned, indicating the respective commitments, with timelines, of the Central and State Government, after the PCPIR has been approved by CCEA and notified by Department of C&PC.
25. The Management Board will, after notification of the PCPIR, prepare a detailed master plan using the expert assistance of a technically qualified consultant. The consultant will be selected after following a transparent process. The master plan will consist of a regional development plan specifying land use for processing and non-processing areas, as well as technical details regarding the number and nature of downstream units that may come up in the PCPIR, based on available feedstock. It will be prepared in consultation with the anchor tenant, if in place by then.
26. The master plan as finalized through the above process, shall be appraised by the competent authority under the relevant state law to give it appropriate statutory status.

27. In case an amendment is required to the concept and design of the project, as encapsulated in the preliminary project report submitted by the State Government, the same may be done in accordance with procedure provided in the State Law.
28. Proposals for setting up units in the PCPIR will be granted approval by the Management Board, or such authority to which these powers are delegated, after obtaining such clearances as are necessary. Such clearances and approvals will be granted within a stipulated period of time, as prescribed by the concerned state government.

FUNCTIONS OF THE MANAGEMENT BOARD

29. Each Management Board will undertake such measures as it thinks fit for the development, growth, operation and management of the PCPIR. These measures will include:
 - i) Preparation and enforcement of the detailed Master Plan.
 - ii) Providing the necessary infrastructure within the PCPIR, either directly or through Developer(s).
 - iii) Selection of Developer/Co-developers and entering into concession agreements with them for the development and maintenance of infrastructure internal to the PCPIR.
 - iv) Promotion of investment, both foreign and domestic, into the PCPIR.
 - v) Promotion of production within, and exports from, the PCPIR.
 - vi) Granting approvals for, and facilitating clearances to units within the PCPIR.

- vii) Review of the functioning and performance of the PCPIR.
- viii) Regulation of levy of user or service charges or fees or rent for the use of infrastructure / properties in the PCPIR.
- ix) Exercise of authority to delegate, enter into or create SPVs for specialized services.
- x) Any other functions as may be prescribed by the State Government.

DEVELOPER AND CO-DEVELOPER

- 30.** The Developer is a legal entity - Government, private or a Public Private Partnership- that develops, builds, designs, organises, promotes, finances, operates, maintains or manages a part or whole of the infrastructure and other facilities in the PCPIR. The Developer would be selected by the State Government/ Management Board through a transparent mechanism.
- 31.** The required land within the PCPIR will be made available to the Developer by the State Government, through the PCPIR Management Board, by way of a concession.
- 32.** A Co-developer will be a legal entity- Government, private or a Public Private Partnership- that assists the developer in providing infrastructure facilities in the identified area or to undertake various operations after entering into an agreement with the developer for providing the same.
- 33.** The benefits of tax holidays as provided under Section 80(I)(A) of the Income Tax Act for development, operation and maintenance of power plants, airport, ports, waste management facilities, water treatment plants, etc. would be available to the Developer / Co-developers.

UNITS IN THE PCPIR

34. Any chemical or related industry / service that will support chemical industry in the investment region for manufacturing, stocking, trading including logistics and utilities with local linkages, and for which site is available as per the approved detailed Master Plan, will be eligible for being set up in the PCPIR, and may apply to the Management Board in such form as will be specified by the authority concerned.
35. The Management Board, or the authority to which such powers are delegated, will allot sites to units through a transparent process as specified.
36. A unit located in PCPIR, whether in SEZ or elsewhere, may produce / export goods and services except those prohibited either for manufacture or export under the EXIM Policy or any other Act in force. Rejects, waste, and scrap arising out of the production process could be exported or sold outside the SEZ. Export of Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) items would be as per the law in force.

EXIT OPTIONS

37. In case the Developer, or any Co-developer, is unable to discharge his functions, or violates the terms and conditions of the concession agreement, the same may be transferred to a new Developer/Co-developer under terms and conditions to be provided in the concession agreement between the Developer/Co-developer and the Management Board.

38. Any unit that wants to exit out of the PCPIR will be allowed subject to payment of applicable dues and in compliance with the agreement with the Management Board in this regard.

DISPUTE RESOLUTION MECHANISM

39. The concession agreement(s) executed by the Management Board with the Developer/Co-developer(s), and the agreements with the anchor tenant and other units, may contain the condition that any dispute, difference or controversy of whatever nature arising under or out of or in relation to any Agreement (including its interpretation) between the parties in the PCPIR, shall be notified in writing by either party to the other party and such dispute, difference or controversy shall, in the first instance be attempted to be resolved amicably by mutual consultation and if no solution is arrived after such consultation, the same may be referred to the International Centre for Alternate Dispute Resolution, New Delhi or such other rules as may be mutually agreed by the parties, and shall be subject to the Arbitration and Conciliation Act 1996 and amendments made thereto from time to time.

MISCELLANEOUS

40. This Policy will take effect from the date of its notification. Any subsequent modification in the Policy will be applied only with prospective effect.
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Annex 1

HIGH POWERED COMMITTEE

Government of India will constitute a High Powered Committee (HPC) with the following composition:

- i) Cabinet SecretaryChairman
- ii) Member Secretary, Planning Commission
- iii) Secretary, Ministry of Petroleum & Natural Gas
- iv) Secretary, Department of Commerce
- v) Secretary, Department of Industrial Policy & Promotion
- vi) Secretary, Department of Revenue
- vii) Secretary, Department of Expenditure
- viii) Secretary, Department of Economic Affairs
- ix) Member Traffic, Railway Board, Ministry of Railways
- x) Secretary, Ministry of Shipping
- xi) Secretary, Road Transport and Highways
- xii) Secretary, Ministry of Civil Aviation
- xiii) Secretary, Ministry of Environment & Forests
- xiv) Secretary, Ministry of Labour & Employment
- xv) Secretary, Department of Chemicals &
Petrochemicals.....Convenor

The Committee may co-opt any other member as required. Chief Secretaries of the State Governments concerned may be invited to the meetings of the Committee as required.

Annex 2

Format for Project Proposal

The Project Proposal to be provided by the State Government, alongwith its application to the Department of Chemicals and Petrochemicals, GOI for setting up a PCPIR will include, inter alia, the following information:

- i) The legal framework in the State under which the PCPIR is proposed to be formed, including whether this would be under an existing Act or under a new legislation to be enacted for this purpose.
- ii) The location alongwith demarcation of the identified area with map and clearly identifiable landmarks.
- iii) The total area of the proposed PCPIR, with the proposed zoning plan indicating the Processing area & non-processing area to include:

Processing Area

- a) total area, with location/demarcation on map.
- b) existing units and vacant land available.
- c) land acquired and proposed to be acquired.
- d) the existing and proposed processing activities in the PCPIR.
- e) the feedstock required for the anchor unit(s), with its source and availability.

Non-processing area

- a) identified areas with location/demarcation on map.
- b) existing and proposed availability of basic and social infrastructure, trained manpower, educational institutions and training facilities etc.
- iv) Whether the state government has identified

- a) an anchor tenant; if so, the proposed investment plan of the anchor tenant, if available;
- b) Developer(s).
 - (Note: Details of the procedure adopted/ proposed to ensure transparency in the selection of Developer(s) may also be provided.)
- v) The time frame by which a detailed Master Plan would be formulated and adopted.
- vi) A rapid Environmental Impact Assessment (EIA) report.
- vii) Estimated potential for generation of additional economic activity and future growth, including potential investment from domestic and foreign sources.
- viii) Existing and proposed infrastructure for external linkages, including rail, road, port, airport and telecom, as well as infrastructure such as power, water as per manual on water supply norms and details of cost sharing with local bodies, if any and effluent disposal as per CPCB norms to be provided upto and within the PCPIR location.
- ix) Financial aspects of the proposal, including source, mode of financing the project and assessment of viability of the project.
- x) Proposed management structure of PCPIR including the administrative, regulatory and development functions; the nodal department/officer of the state government may also be indicated.
- xi) The commitment of the state government in providing/ upgrading basic infrastructure in PCPIR and the cost estimates of the same.
- xii) The external linkages for which support is required from the Central Government, and their tentative costs.