

**GOVERNMENT OF INDIA  
CHEMICALS AND FERTILIZERS  
LOK SABHA**

UNSTARRED QUESTION NO:1805  
ANSWERED ON:07.03.2000  
PROFIT OF FERTILIZER PLANTS  
RAVINDRA KUMAR PANDEY;SHEELA GAUTAM;SHIVRAJ SINGH CHOUHAN

**Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:**

- (a) the details of growth in profit of fertilizer plants during the last three years, year-wise;
- (b) whether there has been any downfall in the profit during this period;
- (c) if so, the reasons therefor; and
- (d) the steps proposed to be taken by the Government to bring all round improvement in the functioning of fertilizer industry?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS  
(SHRI RAMESH BAIS)

(a) to (c): The details of the profit/loss made by the public sector undertakings/cooperatives under the administrative control of this Department and the reasons therefor are given below:-

(Rs./ Crore )				
Name of the PSU	1996-97	1997-98	1998-99	Main reasons for Losses
Fertilizer Corporation of India Ltd.	-538.00	-735.69	-838.29	Technological, design and equipment deficiencies, frequent equipment breakdowns, feedstock limitations, power shortages, industrial relations problems, and surplus manpower and resource constraints.
Hindustan Fertilizer Corporation Ltd.	-532.64	-647.83	-514.49	As above.
Paradeep Phosphates Ltd.	-60.63	-105.53	-57.95	Depreciation of rupee leading to higher cost of inputs, delay in disbursement of concession, low capacity utilisation of acid plants leading to higher imports of phosphoric acid, and inventory carrying cost on heavy build up of stocks.
Madras Fertilizers Ltd.	12.10	-55.35	-25.74	a) Lower production due to extended shutdown of plants for revamp hook-up & longer period of stabilisation. b) Under recovery in respect of complex fertilizer due to increase in prices of inputs and

depreciation of the rupee.  
 c) Delay in disbursement of ad hoc  
 concession.

Pyrites, Phosphates and Chemicals Ltd.      -8.28   -53.40      -87.49      Decontrol of SSP and delays in disbursement of concession, intrinsic cost disadvantage of pyrites based sulphuric acid production, increase in operating costs of pyrites mining at Amjhore, rising costs of deep underground mining at Mussoorie and increased transportation costs.

Fertilizers and Chemicals Travancore Ltd.      61.78   53.94      -48.26      Interest burden on Govt. loan used for capital investment in the Ammonia Replacement Project, depressed market condition of caprolactam due to downturn in the international price, unremunerative prices of complex / Mix fertilizers.

Projects & Development India Ltd.      31.82   6.09      -15.85      Low level of orders for catalysts and lack of job orders as the new projects envisaged at the time of formulation of the revival package got delayed.

National Fertilizers Ltd.      11.20   189.01      41.15      -

Rashtriya Chemicals & Fertilizers Ltd.      76.88   189.37      105.64      -

Indian Farmers Fertiliser Cooperative Ltd.      166.41   438.85      345.78      -

Krishak Bharati Cooperative Ltd.      229.38   299.61      261.13      -

(d) : The following incentives are available to bring all round improvement and encourage investment in the fertilizer industry:-

(i) Normally no industrial licence is required for setting up a fertilizer plant.

(ii) Nominal basic customs duty on import of capital goods for setting up of new plants/modernisation of existing units.

(iii) Deemed export benefits to indigenous suppliers of capital goods to fertilizer projects provided such supplies are made under the procedure of international competitive bidding.

(iv) Nominal duty on import of fertilizer raw materials and intermediates.

(v) Reasonable return on investment to the entrepreneurs under the Retention Price-cum-Subsidy Scheme, at present applicable to urea.