

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

UNSTARRED QUESTION NO:2901
ANSWERED ON:17.08.2004
CAPACITY UTILISATION OF MFL CHENNAI
Kharventhan Shri Salarapatty Kuppasamy

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

- (a) whether the production of urea, ammonia and other fertilizers in the Madras Fertilizers Limited Chennai is very much less as compare to its capacity;
- (b) if so, the reasons therefore; and
- (c) the steps taken by the Government to increase the capacity utilization of Madras Fertilizer Limited?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

- (a) Yes, Sir. Capacity, Production of Ammonia, Urea and NPK and %age capacity utilization in Madras Fertilizers Ltd. are as follow:-

(MT)

Product	Installed Capacity	2002-03	2003-04	2004-05 (April -June)
Ammonia	346500	265011	259622	78204
% capacity utilisation		76.5	74.9	90.3
Urea	486750	401249	387678	123889
% capacity utilisation		82.4	79.7	101.8
NPK	840000	415044	428612	92645
% capacity utilisation		49.4	51.0	44.1

- (b) The main reasons for poor capacity utilization are constraints in the Urea Prill Tower after revamp, shortage of water, frequent equipment problems, unprecedented drought in Southern states, low sales, high inventory and liquidity crisis resulting into non-procurement of raw materials such as P2O5 and MOP.

- (c) Government has provided budgetary support to the company for undertaking renewals/replacements of trouble making equipments in the plants. Besides, Government of India in July 2002 had written off interest of Rs. 65 crore on Government loans as on 31.3.2002. Again in July 2003, the Government waived interest and penal interest of Rs. 89.23 crore on Government of India loans as on 31.3.2003. Government has also reduced rate of interest on the loans to 7% per annum with effect from 1.4.2003 to improve liquidity crises in the company.