

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

STARRED QUESTION NO:192
ANSWERED ON:11.12.2008
REVIVAL OF CLOSED SICK FERTILIZER UNITS
Acharia Shri Basudeb;Khan Shri Sunil

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

- (a) the details of dosed or sick fertilizer units in the country along with the reasons for their closure/sickness;
- (b) the present status of revival of such units along with the funds required for their revival;
- (c) whether the Government proposes to make available the feed stock particularly gas at affordable prices to the fertilizer units; and
- (d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (d) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS la) TO (d) OF THE LOK SABHA STARRED QUESTION NO. 192 TO BE ANSWERED ON 11.12.2008

Under the administrative control of DOF, only 3 companies are presently sick and are registered with Board of Industrial & Financial Reconstruction (BIFR) under Sick Industrial Companies (Special Provisions) Act, 1985. As on March 2008, these are Fertilizer Corporation of India Limited (FCIL), Hindustan Fertilizer Corporation Limited (HFCL) and Madras Fertilizers Limited (MFL). The units under FCIL and HFCL are closed in pursuance to an earlier Government decision in the year 2002. The details of the units of said companies and the reasons for their closure and sickness are placed at Annexure. For revival of closed units, Govt. on 30.10.2008 considered the proposal and decided to revamp the Barauni unit of HFCL through Special Purpose Vehicle (SPV) promoted by fertilizer PSUs/Cooperative and approval has also been accorded for constitution of Empowered Committee of Secretaries to look into all financial models for revival of each of the closed units alongwith looking into the linkages including gas. The Government has also accorded in principle approval for considering write-off Govt. of India loans and interest liabilities of FCIL and HFCL, however, final decision on the waiver will be taken when fully tied-up proposals are received by the Government. Regarding funds required for revival of every unit, as per TEFRR prepared by the Projects Development of India Limited (PDIL), it has been estimated that approximate cost of one brown field project with 1.155MT capacity will be around Rs.4500 crores. The exact requirement of funds will be known as and when fully tied up proposal for revival of each unit is finalized.

As regards Madras Fertilizers Limited (MFL) which is a loss making company but maintaining production of Urea and has temporarily shut down NPK plant, a financial restructuring package based on the recommendation of M/s Deloitte is under active consideration of the Government.

Regarding the availability of feedstock, particularly gas at affordable price to fertilizer units, Government has decided that the existing and future requirement of gas for fertilizer sector will be met in its entirety from the existing and future discoveries of gas in the country. The requirement of gas for revamp/expansion and conversion of existing fertilizer units including revival of closed units has been accorded highest priority in allocation of gas from the additional supplies beyond 2008-09. The price of domestic gas to be available from KGD-6 basin has been decided by the Government at USD 4.2 per mmbtu at land fall point. As regards affordability of price in future, the consuming unit has to take a decision on merits keeping in view the prevailing concession policies / subsidy regime.