

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

STARRED QUESTION NO:145
ANSWERED ON:26.02.2009
SETTING UP OF NEW FERTILIZER UNITS
Ahir Shri Hansraj Gangaram

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

- (a) whether the Government proposes to establish new units/plants for the production of chemicals fertilizers during the Eleventh Five Year Plan period;
- (b) if so, the details thereof;
- (c) whether the Government also proposes to set up any plant with external assistance to meet the shortage of fertilizers in the country;
- (d) if so, the details thereof; and
- (e) the further steps proposed to promote indigenous production of fertilizers?

Answer

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

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

Statement referred to in reply to part (a) to (e) of Lok Sabha Starred Question No.145 for answer on 26-02-2009 regarding Setting up of New Fertilizer Units.

(a) to (e) The setting up of the fertilizer units in the country is entirely based on the commercial decision of the investors. Further, under the existing policies for fertilizer sector, the investors from abroad are also free to invest in India towards setting up of new fertilizer units. In view of the increasing demand-production gap in the country, there is a need for additional production capacities in the country. To encourage setting up of new units especially in the urea sector, the Government has on 4th September, 2008, announced a new investment policy for the urea sector. The policy is based on the inter-national benchmark of Import Parity Price and is expected to attract investments in the urea sector subject to availability of gas. The policy aims at creation of additional production capacity through revamp, expansion and revival of existing urea units in the country and new green field projects in this sector.

The Government has on 30th October, 2008 also decided to revive the Barauni unit of the Hindustan Fertilizer Chemicals Ltd. (HFCL) through a brownfield project to be set up by Urvark Videsh Ltd., a Special Purpose Vehicle (SPV) promoted by M/s National Fertilizers Limited (NFL), M/s Rashtriya Chemicals and Fertilizers Limited (RCF) and M/s KRIBHCO. Further, an Empowered Committee of Secretaries has been set up to look into various options for revival of each of the closed units of HFCL and Fertilizer Corporation of India Limited (FCIL). The Government has also decided 'in principle' to consider waiver of outstanding loans and interest on these companies subject to finalisation of a fully tied-up proposal for revival of each of the closed units.

In phosphatic sector, the subsidy regime is based on Import Parity Price of DAP and is expected to encourage indigenous production of phosphatic fertilizer. Further, since indigenous production of phosphatic fertilizer is largely dependent on imported raw materials and intermediates, the Government has been encouraging fertilizer industry to actively pursue joint ventures abroad in order to secure future supplies of fertilizer inputs and finished fertilizers.