

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

UNSTARRED QUESTION NO:1202
ANSWERED ON:03.03.2011
INTERIM RELIEF TO SICK FERTILIZER COMPANIES
Naranbhai Shri Kachhadia

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

- (a) whether any kind of interim relief has been granted to sick fertilizer enterprises, particularly Fertilizers and Chemicals Travancore Limited;
- (b) if so, the details thereof; and
- (c) the other measures considered for making the sick units feasible?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) to (c): Out of nine Public Sector undertakings (PSUs) under administrative control of Department of Fertilizer, there are three sick / loss making PSUs namely Madras fertilizer Limited (MFL), Fertilizers and Chemicals Travancore Ltd (FACT), Brahmaputra Valley Fertilizer Corporation Ltd. (BVFCL) and two closed PSUs namely Hindustan Fertilizer Corporation Ltd. (HFCL) and Fertilizer Corporation India Ltd. (FCIL).

MFL is a sick unit, registered under Board for Industrial and Financial Reconstruction (BIFR). A Board for Reconstruction of Public Sector Enterprises (BRPSE) note for financial restructuring of MFL has been prepared and circulated to different Ministries for their comments. However, MFL was allowed an exemption of outstanding interest of Rs. 65.00 Cr. in 2002 and Rs. 70.64 Cr. in 2003 on term loan besides reduction of interest rates from average 15.1% to 7% from 1.04.2003 and rescheduling of principal repayment from 1.04.2004.

FACT and BVFCL are loss making PSUs. The Government had sanctioned a one-time grant-in-aid of Rs. 200 Cr in March 2008 to sustain the operations of the company. As per the directions of CCEA in its meeting held on 26th February 2009, the DOF has initiated action to finalize a comprehensive proposal for long term sustainability of BVFCL. Rs.8.00 Crores has been allotted to BVFCL in the FY 2009-10 for the study of plants and to come out with measures for sustained operations. BVFCL has appointed the process licensor in this regard.

Regarding closed units, the Government has decided to explore the feasibility of revival of the closed public sector units of HFCL and FCIL. An Empowered Committee of Secretaries

(ECOS) has been constituted with the mandate to evaluate all investment options for revival of the closed units of FCIL/HFCL and to make suitable recommendations for consideration of the Government. ECOS has considered various possible investment options for revival of each of the closed units and have finalized its recommendations. Based on the recommendations of the ECOS, a Draft Cabinet note has been finalized and circulated for inter-ministerial comments.