

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

STARRED QUESTION NO:242  
ANSWERED ON:18.08.2011  
REVAMPING OLD FERTILIZER MANUFACTURING UNITS  
Singh Shri Bhola

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

- (a) whether a large number of fertilizer manufacturing units have been closed down, casting an adverse impact on agricultural production;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has formulated any scheme for revamping the old units and setting up of new units in both the public and the private sectors; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS(SHRI SRIKANT KUMAR JENA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO. 242 TO BE ANSWERED ON 18.08.2011

Ans. (a) & (b) : Yes, Madam. Five Units of the Fertilizer Corporation of India Limited (FCIL) and three Units of Hindustan Fertilizer Corporation Limited(HFCL) in the public sector are lying closed. Following are the Unit-wise details:

(i) FCIL

Name of unit	Date of commissioning	Date of shutdown	Date of Govt. decision to close down
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Sindri	1979	March,2002	5.9.2002
Gorakhpur	1969	1990	18.7.2002
Talcher	1980	1.4.1999	18.7.2002
Ramagundam	1980	1.4.1999	18.7.2002
Korba	Never commissioned	Not applicable	30.7.2002

(ii) HFCL

Name of unit	Date of commissioning	Date of shutdown	Date of Govt. decision to close down
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Barauni	1976	1999	5.9.2002
Durgapur	1974	1997	5.9.2002
Haldia	Never commissioned	Not applicable	18.7.2002

The closed units of HFCL & FCIL had been consistently incurring losses due to a variety of reasons including obsolete technology, design and equipment deficiencies, power shortages, problems in industrial relations, surplus manpower and resource constraints. The non-availability of natural gas further limited the ability of the units to undergo modernisation and improve energy efficiencies,

which were low at 15 to 21 Gcal/MT of Urea. The above factors combined with sharp increase in price of naphtha and FO/ LSHS made the cost of production of urea from these units economically unviable, resulting in closure of the units. The urea is being imported to bridge the gap between indigenous demand and production of fertilizers in the country.

In addition, one urea unit in the private sector viz. Duncan Industries Ltd, (DIL) Kanpur is currently closed due to financial constraints as reported by the company. Further, the urea unit of Fertilizers & Chemicals Travancore (FACT), Cochin is also not in operation.

(c) to (d): Yes, Madam. The Government has announced a policy/scheme for new investment in urea sector and off take of urea from joint venture abroad in September 2008. The policy is based on Import Parity Price (IPP) benchmark and has been finalized in consultation with the industry. The New Investment Policy aims at revamp, expansion, revival of existing urea units and setting up of Greenfield/Brownfield projects. The fertilizer industry has responded positively to the investment policy only for revamp projects. In absence of commitment for firm allocation of gas at particular price level, the investment for expansion, revival and green field are not forthcoming. A committee has been constituted under the Chairmanship of Dr. Saumitra Chaudhuri, Member, Planning Commission for formulating amendment to the investment policy of 2008.

The Cabinet had in October 2008 constituted an Empowered Committee of Secretaries (ECOS) under the Chairmanship of Secretary (Fertilizers) to evaluate all options for revival of closed units of HFCL & FCIL and make suitable recommendations. Based on the recommendations of the ECOS, a Draft Rehabilitation Scheme (DRS) of HFCL & FCIL have been approved by CCEA for submission to BIFR, on 4th August 2011.