

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

UNSTARRED QUESTION NO:1939

ANSWERED ON:11.08.2011

REVIVAL OF CLOSED SICK FERTILIZER PLANTS

Dhurve Jyoti;Mahto Shri Baidyanath Prasad;Rawat Shri Ashok Kumar;Reddy Shri Anantha Venkatarami;Siricilla Shri Rajaiah;Vundavalli Shri Aruna Kumar

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

- (a) the details of the closed/sick fertilizer plants of the Public Sector Undertakings (PSUs) in the country along with the reasons for their closure/sickness;
- (b) whether the Government has taken a final decision for the revival of these fertilizer plants;
- (c) if so, the details thereof alongwith the steps taken by the Government in this regard;
- (d) whether the Government is planning to hand over the Ramagundam fertilizer manufacturing company which is presently under the Board for Industrial and Financial Reconstruction to private or public company for its revival and to mitigate the scarcity of fertilizer supply; and
- (e) if so, the details thereof?

**Answer**

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

(a): The details are as under:

s.No	Name of the closed/ sick fertilizer PSU	Status	Reasons for their closure/ sickness
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|----|---|--------|--|
| 1  | Hindustan Fertilizers Corporation Limited (HFCL). | Closed | Continuous losses due to obsolete technology, design and equipment deficiencies, power shortages,  |
| 2  | Fertilizer Corporation of India Limited (FCIL)    | Closed | problems in industrial relations, surplus manpower, resource constraints, non-availability of natural gas and sharp increase of cost of naphtha and FO/LSHS.                               |
| 3. | Madras Limited Fertilizers                        | Sick   | Incurring loss due to policy change in pricing of urea from 2003-04 and complex fertilizers from 2002-03 and non recognition of past investment made for revamp of ammonia and urea Plant. |

(b): Yes, Madam.

(c): The Cabinet had in October 2008 approved constitution of an Empowered Committee of Secretaries (ECOS) under the Chairmanship of Secretary(F) with the mandate to evaluate all options for revival of closed units of HFCL & FCIL and make suitable recommendations for consideration of Cabinet Committee on Economic Affairs (CCEA). The ECOS considered the various options and finalized its recommendations. Based on the recommendations of the ECOS, a proposal for revival of the closed units of HFCL & FCIL was submitted for consideration of CCEA. The CCEA has approved the proposal in its meeting held on 4th August 2011.

MFL is registered with Board for Industrial and Financial Reconstruction (BIFR) since March 2007. BIFR has appointed State Bank of India as Operating Agency to consider the viability proposal for the restructuring of MFL and to recommend the implementable course of action. SBI has submitted its report and the Board of MFL have approved the same. After considering the views of Board of MFL and Operating Agency i.e. SBI, a BRPSE note has been finalized and circulated for inter-ministerial consultation/comments. The comments have been received from the concerned Ministries/Departments for further submission to BRPSE.

(d) & (e): Yes, Madam. As per the approval of CCEA, the Consortium of National Fertilizers Ltd. and Engineers India Ltd will be assigned revival of Ramagundam unit of FCIL on nomination basis.