

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

UNSTARRED QUESTION NO:360
ANSWERED ON:09.08.2012
CLOSURE OF FERTILIZER UNITS
Shankar Alias Kushal Tiwari Shri Bhisma

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

- (a) whether many fertilizer manufacturing units have been shut down in the country;
- (b) if so, the details thereof and the reasons for their closure;
- (c) the details of shortage of fertilizers that has emerged as a result of closure of these units and resultant availability of the fertilizers;
- (d) the action taken to ensure that availability of fertilizers may not get hampered due to closure of the units in this manner;
- (e) whether Empowered Committee of Secretaries has been constituted to conduct investigation in regard to restarting the fertilizer units lying closed; and
- (f) if so, the details thereof and its present status?

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) to (c) Yes, Madam. Five Units of the Fertilizers Corporation of India Limited (FCIL) and three Units of Hindustan Fertilizers Corporation Limited (HFCL) in the public sector are lying closed, as these were making consistent losses due to a variety of reasons including obsolete technology, design and equipment deficiencies, power shortages, problems in industrial relations, surplus manpower and resources constraints. The installed capacity of these closed units was approximately 22.8 Lac Metric Ton (LMT)/year.

In addition, one urea unit in the private sector viz. Duncan Industries Ltd, (DIL) Kanpur, having the reassessed capacity of 7.22 LMT is currently closed due to financial constraints as reported by the company. Further, the urea unit of Fertilizers & Chemicals Travancore (FACT), Cochin having the installed capacity of 3.30 LMT is also not in operation.

(d): Urea is being imported to bridge the gap between indigenous production and demand of urea in the country.

(e) & (f): Yes, Madam. Pursuant to the Cabinet Decision dated 30.10.2008, an Empowered Committee of Secretaries (ECOS) was constituted on 7.11.2008 under the Chairmanship of Secretary (Fertilizers) and Secretaries of Department of Expenditure, Department of Disinvestment, Planning Commission, Deptt. of Public Enterprises and Ministry of Petroleum & Natural Gas as Members to look into all the financial models for revival of each of the closed units. Based on the recommendation of ECOS, a proposal was submitted to Cabinet Committee on Economic Affairs (CCEA), which approved the same in its meeting held on 4.8.2011 with the stipulation that Board for Industrial and Financial Restructuring (BIFR) proceedings be expedited and thereafter, the matter including changes, if any, required in bid parameters, be placed before the Committee for a final decision. Accordingly, the Draft Rehabilitation Schemes of HFCL and FCIL have been submitted to BIFR for their approval.