

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

STARRED QUESTION NO:184
ANSWERED ON:23.08.2012
REVIVAL OF FERTILIZER UNITS
Gangaram Shri Awale Jaywant

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

- (a) the latest status of revival of sick fertilizer industries in the country;
- (b) whether it is a fact that despite waiving off loans and replacement of old machinery, some fertilizer industries are running in losses and if so, the details thereof;
- (c) whether sick fertilizer units have initiated steps for skill and management development of their personnel and if so, the details thereof;
- (d) whether Government proposes to merge sick fertilizer units with profit making fertilizer units;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) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 184 TO BE ANSWERED ON 23.08.2012

(a) & (b): The latest status of revival of sick fertilizer public sector undertakings is given as under;

Hindustan Fertilizer Corporation Limited (HFCL) and Fertilizer Corporation of India Limited (FCIL): 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. The Cabinet also gave 'in-principle' approval for considering write-off of GOI loans and interest liabilities of FCIL and HFCL, subject to submission of financially viable and fully tied-up proposals for revival of the closed units for final approval of waiver.

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 (DRS) of HFCL and FCIL have been submitted to BIFR for their approval. BIFR has appointed State Bank of India as Operating Agency for examining the DRS of HFCL and FCIL.

Meanwhile, FCIL and HFCL have submitted the Misc. application before Hon'ble BIFR for 1st stage clearance in order to submit fully tied up DRS. BIFR in its hearing held on 13.7.2012 and 20.7.2012 respectively considered the Misc. applications and allowed the prayer made in both the MAs.

Madras Fertilizer Limited:- Madras Fertilizers Limited (MFL) had submitted a financial restructuring proposal seeking inter-alia waiver of Government loan of Rs. 390.79 cr. and interest thereon besides sanction of Rs. 376.64 cr. as Plan Loan and continuation of New Pricing Scheme beyond 31.3.2010 and upto conversion of its urea plant to natural Gas etc. The proposal was circulated for inter-ministerial consultation. Revised comments have been sought from Department of Expenditure and Planning Commission.

Meanwhile BIFR in its hearing held on 25th August 2011 has directed the Operating Agency (State Bank of India) to workout financial restructuring of MFL considering the conversion of GOI loan into equity. Further BIFR in its hearing held on 07th May 2012 directed the Company to submit fully tied up revised DRS to Operating Agency (State Bank of India) and thereafter OA will convey a meeting with all concerned. Accordingly the matter was discussed in a meeting held on 01.08.2012 with Planning Commission, Deptt. of Expenditure, M/s NICO (A Govt. of Iran Company, holding 25.77% equity in MFL) and SBI. The next date of hearing is scheduled on 27.08.2012.

Brahmaputra Valley Fertilizer Corporation Limited:- BVFCL has submitted a financial restructuring and rehabilitation proposal for consideration of Department of Fertilizer and recommending it to BRPSE. Company has been directed to resubmit the proposal after considering the present financial performance of the company.

(c): Yes, Madam. The steps taken by MFL and BVFCL for skill management development of their personnel are as under; BVFCL:- Company has basic infrastructure for in-house training for both the new recruits as well as the existing employees. These include well built Training Halls, Class rooms, Library, Workshop & Lab. Most of the In-house training programmes are organized with the available resources in the various disciplines. For specific skill set development, external experts are called. Besides this, employees are also sent to training programmes conducted by Fertilizer Association of India (FAI), NPC, Central / regional Labour Institute, Indian Institute of Public Administration etc and at the vendors workshops for upgrading technical knowledge & skill and different Behavioural & Managerial skills.

MFL:- MFL is an ISO 9001 certified company and the corporate management is committed to quality management system and ensures continue up-gradation of Technology, Development of Human Resources and Improvement of quality of work. Quality objectives of training is fixed every year and various in-house and external training programs are conducted regularly.

(d) No, Madam.

(e) Does not arise.