

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

UNSTARRED QUESTION NO:4198  
ANSWERED ON:06.09.2012  
CLOSURE OF PLANT BY FACT LIMITED  
Joshi Shri Mahesh

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

- (a) whether it is a fact that Fertilizers and Chemical Travancore (FACT) Ltd. decided to close their old ammonia & urea plant at Cochin in 2003;
- (b) if so, the details in this regard;
- (c) whether it is a fact that the said company decided in 2009 to auction this plant;
- (d) if so, whether this company took six years to decide for disposal of this plant and, the reasons therefor;
- (e) the expenditure incurred during these six years on the security and maintenance of this plant;
- (f) the officers found guilty for such delay in decision for disposal and incurring such avoidable expenditure of crores of rupees; and
- (g) the action proposed to be taken against the guilty officers?

**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) & (b): Yes, Madam. With the adoption of new group pricing scheme for Urea with effect from 1.4.2003, the operation of Ammonia-Urea Plant of Fertilizers and Chemical Travancore (FACT) at Cochin Division had become economically unviable and it was decided to suspend the operation of the plant. Subsequently, it was decided to sell/dispose of the plant through M/s MSTC Limited as Scrap.

(c) to (g): FACT had decided to stop the operation of the ammonia-urea plant in 2003. However, it was decided that the plant and equipment might be preserved to remain in good condition till the disposal is completed. Considering various proposals for revival of the closed Ammonia-Urea plant, the decision on disposal of the ammonia-urea plant at Cochin Division was kept in abeyance in 2004. In 2008, the Government of India, in line with the intention to increase urea production in the country by restarting the closed plants, directed FACT also to examine if the closed/existing plants could again be restarted economically. Accordingly, FACT engaged M/s. Projects & Development India Limited (PDIL), Noida, to undertake a study on revival of the closed ammonia-urea plant.

After the study, PDIL conclusively stated that in order to be competitive under the prevailing market scenario, the Ammonia-urea plant could not be revived and run economically with some investment. PDIL had also observed that it is worth considering scrapping of these units. Accordingly FACT decided for scrapping the old ammonia-urea plant of Cochin Division in the year 2009.

Since the Ammonia Urea plants are within the premises of FACT Cochin Division, no separate security provision is made for security of these plants. Total cost of maintenance of these plants from 2003-04 to 2008-09 is Rs. 340.2 Lakh.