

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

UNSTARRED QUESTION NO:2134
ANSWERED ON:06.12.2012
PRICE OFFERED FOR SUPPLY OF RLNG BY GAIL
Rajukhedi Shri Gajendra Singh

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

- (a) whether the National Fertilizers Limited (NFL) has switched over their Nangal, Bhatinda and Panipat fuel oil based fertilizer plant to Regasified Liquefied Natural Gas (RLNG) as feedstock at a cost of Rs. 4000 Crores with the objective of reducing the Government's subsidy burden;
- (b) if so, the details thereof;
- (c) whether the price offered for supply of RLNG by Gas Authority of India Limited is higher than the fuel oils and would therefore result in negative impact of subsidies;
- (d) if so, whether the Government had taken any decision to convert fuel oil based fertilizer units to RLNG without tying up a long term supply contract and thereby draining investment of Rs. 4000 crores on such conversion;
- (e) if so, the details thereof;
- (f) whether there is any LNG based fertilizer production in the world; and (g) if not, the reasons for undertaking such ventures without a proper investigation before making such an investment of public fund?

Answer

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

- (a) & (b): National Fertilizers Limited is executing change over of feed stock projects from FO/LSHS to Gas at its three FO based Units at Nangal, Bathinda and Panipat as per the policy notification dated 6th March 2009 regarding conversion of all non-gas based Units to gas. The estimated expenditure on these projects is Rs.4066 crore. These projects are at fag end of completion and shall be commissioned in the 4th quarter of current financial year.
- (c): NFL has tied up spot gas from M/s. GAIL for the requirement of gas at Nangal and Bathinda and with M/s. IOCL for the requirement at Panipat, in the absence of allocation of domestic gas for these projects. Post commissioning, the total requirement of gas shall be met on spot basis till the allocation of domestic gas is made by the Government. The present price of spot gas is around USD 16-19/MMBTU against the present of FO/LSHS of around USD 22-24/MMBTU and there is positive savings.
- (d) & (e): In terms of Gas utilization policy of the Government, fertilizer sector is accorded highest priority in allocation of domestic Gas. Therefore, any additional Gas as and when available from domestic sources shall be allocated to these converted plants. Till the time domestic gas is allocated, imported RLNG shall be used, the price of which at present is lower than the price of FO/LSHS.
- (f): Department of Fertilizers does not maintain the record of LNG based fertilizer production in the world.
- (g): In view of (f) above, question does not arise.