

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

UNSTARRED QUESTION NO:4840

ANSWERED ON:25.04.2013

NON AVAILABILITY OF FUNDS OF FERTILIZER INDUSTRY

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

- (a) whether the fertilizer industry in the country is facing hardships due to non-availability of funds;
- (b) if so, the details in this regard;
- (c) whether plants are running old, obsolete and need huge investments;
- (d) if so, the fact thereof;
- (e) whether the Indian Fertilizer Industry is not able to set up potash projects in the country as they do not have requisite funds;
- (f) if so, the details thereof and the solution worked out by the Government to ensure potash security; and
- (g) the steps taken by the Government to make Indian fertilizer industry viable?

Answer

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

(a) & (b) : No Madam, However due to shortfall in availability of budget provision in the last financial year (2012-13), payment of fertilizer subsidy was temporarily delayed. An amount of Rs.70629.72 crores have been allocated in the Budget estimates for 2013-14, whereas an amount of Rs.22000 crores have been provided under Vote on Account for 2013-14 to clear the pending claims of the companies.

(c) & (d): Five units of FCIL and three units of HFCL were closed down due to obsolescence of technology, as per decision of the GOI in 2002. The Cabinet in October 2008 approved to revive closed units of FCIL and HFCL subject to non-recourse to Govt. Funding. The proposal to revive units of FCIL and HFCL is under examination of the Department.

BVFCL has two operating units. Its Namrup-II plant was commissioned in 1976 & Namrup III plant commissioned in 1987. The Namrup plant is based on old technologies and has become obsolete against highly energy efficient large sized modern plants. It has been proposed to set up a new Brownfield Ammonia Urea Plant at Namrup considering long term viability.

FACT and MFL plants are also very old and are being maintained by way of extensive repairs, renewals and replacements with the help of loan from plan fund obtained from Government of India from time to time thereby ensuring capacity utilization.

(e) : No Madam. India is solely dependent on imports of potash as there is no commercially viable and known potash source available in the Country.

(f) & (g): For ensuring Potash security and making Indian Fertilizer Industry viable, Department of Fertilizers in consultation with Ministry of External Affairs, Ministry of Economic Affairs, Ministry of Mines, Ministry of Petroleum & Natural Gas and Ministry of Coal and Ministry of Railways is facilitating long term engagements and joint ventures for controlling stakes in fertilizer's mines in different countries through bilateral Joint Working Groups (JWGs). Government has also constituted an inter-Ministerial Committee comprising of these Departments/Ministries to leverage opportunities available in other sectors towards fertilizer security through joint ventures or through acquisition of assets in resource rich countries.