

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

UNSTARRED QUESTION NO:37
ANSWERED ON:19.11.2009
OVERSEAS JOINT VENTURE FERTILIZER PROJECTS
Naik Dr. Sanjeev Ganesh

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

- (a) whether the Government has initiated any policy to promote overseas joint venture fertilizer projects with a view to reduce our reliance on imported urea and also to overcome the gas shortage;
- (b) if so, the details thereof;
- (c) whether any positive response has been received from any country for setting up of such joint venture projects;
- (d) if so, the details thereof;
- (e) the break-up of foreign exchange outflow saved due to the said measures and the additional quantity of fertilizers added to the fertilizers manufactured annually within the country;
- (f) whether these measures have provided assured sufficiency in the country;
- (g) if so, the details thereof, and
- (h) if not, the reasons therefore ?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) & (b): The Government has been continuously encouraging setting up of joint venture fertilizer projects abroad in gas rich countries in order to reduce our import dependence of urea sector. Under the New Pricing Scheme Stage-III, announced on 8th March, 2007, it has been laid down that the Government will enter into / encourage long term buy-back arrangement with joint venture abroad depending upon the merits. Further, under the New Investment Policy for urea sector and long term offtake of urea from joint venture abroad announced on 4th September, 2008, it has been provided that the Government will encourage JV projects abroad in gas rich countries through firm offtake contracts with pricing decided on the prevailing market conditions and in mutual consultations with the JV companies.

(c) & (d): The Government has been pursuing JV Projects in urea sector in Saudi Arabia, Qatar, Ghana, Mozambique, Oman etc. for the last more than two years. Due to lack of any firm allocation of natural gas for the proposed JV project in these countries, no new JV project has been concluded till date.

(e) to (h): The only successful JV project in urea sector is the OMIFCO project in Oman, in which the fertilizer cooperative IFFCO and KRIBHCO each are 25% equity partner. The Government of India has got 15 year long term urea offtake contract with OMIFCO. In last four years, the savings in foreign exchange due to import from OMIFCO can be seen from the table below :

Year	Weightage Price of imported Urea (in US\$/MT)	Average Price of OMIFCO urea (in US\$/MT)	Weightage OMIFCO (in million (in LMT) US\$)	Average Quantity Received from exchange	Savings in foreign
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2005-06	258.56	155.23	13.25	136.9
2006-07	248.85	168.66	18.37	147.3
2007-08	344.00	180.10	18.91	309.9
2008-09	528.03	232.79	19.06	562.7