

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

UNSTARRED QUESTION NO:1221

ANSWERED ON:13.08.2013

REVIVAL OF CLOSED SICK FERTILIZER PLANTS

Pal Shri Jagdambika; Rama Devi Smt. ; Singh Shri Ijjaraj

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

- (a) the details of closed down/sick fertilizers plants in the country along with the reasons therefor;
- (b) whether there is any proposal to revive such plants;
- (c) if so, the steps taken by the Government in this regard;
- (d) whether the Talchar Fertilizer Plant has been included in the revival programme and if so, the details thereof; and
- (e) the details of modernisation programmes proposed for the public sector fertilizers plants?

Answer

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

(a) The details of closed down/sick fertilizers plants are as under;

Name of the sick/closed PSU	Unit	Status	Reasons for their closure/sickness
Fertilizer Corporation of India Limited (FCIL)	Sindri	closed	Continuous losses due to obsolete technology, design and equipment deficiencies, power shortages, problems in industrial relations, surplus manpower, resource constraints, non-availability of natural gas and sharp increase of cost of naphtha and FO/LSHS.
Gorakhpur	-do-		
Talcher	-do-		
Ramagundam	-do-		
Korba	never commissioned		
Hindustan Fertilizer Corporation Limited (HFCL)	Barauni	closed	
Fertilizer Corporation Limited (HFCL)	Haldia	never commissioned	
Madras Fertilizer Limited (MFL)	Manali, Chennai	loss making	Incurring losses due to policy change in pricing of urea from 2003-04 and complex fertilizers from 2002-03 and non recognition of past investment made for revamp of ammonia and urea plant.

(b) & (c): Yes, Madam. The steps taken for the revival of the closed/sick fertilizer public sector undertakings are as under;

HFCL & FCIL:- Based on the recommendation of Empowered Committee of Secretaries (ECOS), Cabinet committee on Economic Affairs (CCEA) in its meeting held on 4.8.2011 approved the proposal for revival of closed units of FCIL and HFCL, 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 were submitted to BIFR for their approval. The BIFR appointed State Bank of India as Operating Agency for examining the DRS of HFCL & FCIL. The BIFR took up the matter on priority basis and hold many hearings. The BIFR in a oral hearings held on 22.11.2012 in respect of FCIL and 19.12.2012 in respect of HFCL advised that Department of Fertilizers should explore the possibility of the companies' net-worth becoming positive and directed to work out way to repay the dues of creditors of the FCIL and HFCL to enable the companies to move out of purview of BIFR.

A meeting of Empowered Committee of Secretaries (ECOS) was held on 23.1.2013 to discuss the various issues concerning revival of HFCL/FCIL along with above direction of BIFR. ECOS recommended that the matter be placed before the CCEA. Meanwhile, Principal Secretary to the Prime Minister took a meeting on 28.1.2013 on revival of closed fertilizer urea units. During the meeting, it

was inter-alia decided that the Department of Fertilizers will bring a note for CCEA in respect of FCIL seeking waiver of government dues and also seeking inter corporate loans to FCIL. In respect of closed units of HFCL, it was decided that proposal/action plan on revival of HFCL be taken up once revival of FCIL is on track. Based on the recommendations of ECOS and directions of PMO, a proposal for revival of closed units of FCIL was placed before CCEA, which approved the same in its meeting held on 9.5.2013. The status in this regard has also been placed before BIFR in the hearing held on 27.6.2013. During this hearing BIFR ordered for exit of FCIL from BIFR purview.

Madras Fertilizer Limited:

Board for Industrial and Financial Restructuring (BIFR) in its hearing on 2nd April 2009 declared Madras Fertilizer Limited (MFL) a sick company and appointed State Bank of India as Operating Agency with the direction to prepare a revival scheme for the company. Eleven hearings were held so far before BIFR. In the last hearing held on 27.08.2012, the Bench directed Government of India and other equity partner to take a decision with regard to the revised option filed by the Company, and thereafter, the Operating Agency will examine the proposal and submit a DRS to the BIFR. Accordingly, based on the inputs received from the company, a revised rehabilitation proposal has been circulated for inter-ministerial consultation for formalizing the view of the Government. The comments have been received and under consideration.

In addition to above companies, Brahmaputra Valley Fertilizer corporation Limited (BVFCL) having its units in Namrup Assam, has also incurred continuous losses since its inception in 2002 and Net worth of the company is Rs. (-) 412 crores (as on 31.3.2012). The company has submitted a financial restructuring and rehabilitation proposal for consideration of Department of Fertilizer and recommending it to Board for Reconstruction of Public Sector Enterprises (BRPSE). The BRPSE note has been circulated for inter-ministerial consultation.

(d): Yes, Madam. Talchar Fertilizer Plant of FCIL has been included in the revival programme and will be revived through nomination route by consortium of PSUs of Rashtriya chemicals & Fertilizers, Coal India Limited and Gas Authority of India Limited.

(e): The details of modernisation programmes in the public sector fertilizers plants are as under;

(i) Rashtriya Chemicals and Fertilizers Ltd. has recently completed revamping of its Thal Ammonia-Urea plants. This shall increase the capacity of Urea production from existing 17.07 lakhs MT per year to 20 lakhs MT per year and also result in reduction in the energy consumption by 0.4 MKCal/MTOf Urea.

(ii) In pursuance to Govt. policy, NFL has undertaken the feedstock conversion projects at Panipat, Bathinda and Nangal units. Feedstock conversion projects involved changeover of feedstock from Fuel Oil / LSHS to NG / RLNG. Feedstock conversion projects at Panipat & Bathinda have been commissioned in January 2013 and Nangal in April 2013.

NFL has also undertaken capacity enhancement & energy savings project at Line – I & Line – II plants of Vijaipur unit. The Ammonia & Urea production capacities were enhanced by around 15% in Line – I and 23% in Line – II plants. These projects were commissioned in 1st / 2nd quarter of FY 2012-13.