

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

UNSTARRED QUESTION NO:1302

ANSWERED ON:13.08.2013

ASSISTANCE TO LOSS MAKING COMPANIES

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

- (a) whether the Government has released any amount to the fertilizer / pharmaceutical public sector companies which are in losses in the 11th and 12th Five Year Plan;
- (b) if so, the details thereof, company and State-wise;
- (c) the action plan prepared for the 12th Five Year Plan for such loss making companies;
- (d) the steps taken by the Government to earn profit by these fertilizer / pharmaceutical Public Sector Undertakings companies;
- (e) whether it is a fact that fertilizer companies are facing losses due to fall in rupee; and
- (f) if so, the details thereof and the reaction of the Government thereto and the steps taken/being taken by the Government to control hike in prices of fertilizers so that its burden should not fall on farmers?

**Answer**

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

(a) & (b): Yes Madam, during the 11th Plan period, under the Plan Scheme, budgetary support in the form of loan has been released to loss making fertilizer companies under the administrative control of the Department of Fertilizers. Financial aid has been provided to loss making companies such as Brahmaputra Valley Fertilizers Corporation Limited (Assam), Fertilizers and Chemicals Travancore Limited (Kerala) and Madras Fertilizers Limited (Tamil Nadu) for Renovation, Replacement and maintenance of critical equipments to sustain their operations. On the basis of this financial aid, the loss making companies continue their operations without interruption.

Details of Fund released during 11th Plan is as under:

(Rs. in crores)			
Year	Plan loan allocated to sick/loss making PSUs		
BVFCL#	FACT#	MFL	
2007-08	07.47	15.00	09.00
2008-09	19.98	13.00	12.97
2009-10	65.00	34.00	96.99
2010-11	45.00	89.99	74.50
2011-12	67.80	60.74	88.95
Total	205.25	212.73	282.41

# Allocation of plan loan in respect of BVFCL is treated as contribution towards the North Eastern Region.

# During 2008-09 FACT was given Rs.200.00 crores Grants-in-Aid for sustaining its operations.

On account of financial restrictions imposed by Ministry of Finance, no financial aid has been released to the above mentioned companies during 12th Plan period till date.

Also Government has released amounts to the loss making Pharmaceutical Public Sector Companies such as Hindustan Antibiotics & Pharmaceuticals Limited (HAL) at Pune, Maharashtra and Bengal Chemicals and Pharmaceuticals Limited (BCPL) at Kolkata, West Bengal and Indian Drugs & Pharmaceuticals Limited (IDPL) at Gurgaon, Haryana during the 11th & 12th Plan periods, as detailed below:

Fund released during the 11th Plan

(Rs. in crore)

Year	PSU	Amount	sanctioned	Purpose
2007-08	HAL	20.17		Setting up of New Powder Injectable vialling line for Cephalosporin & Upgrading existing Betalactum powder Injectable line
	BCPL	20.00		Capital restructuring (Revival Scheme)
	IDPL	4.93		Schedule M Compliance for Rishikesh, Gurgaon & Chennai
2008-09	HAL	10.00		Upgradation of facilities to WHO-GMP/Schedule 'M' Compliance
	BCPL	20.00		Capital restructuring (Revival Scheme)
	IDPL	-		-
2009-10	HAL	10.26		Upgradation of fermentation facilities for manufacture of Erythromycin Thiocyanate
	BCPL	24.40		Capital restructuring (Revival Scheme)
		6.29		Setting up of Quality Control Laboratories and Integrated R&D Laboratories in BCPL
	IDPL	-		-
2010-11	HAL	2.50		Setting up of manufacturing facilities for Erythromycin Thiocyanate
		2.53		Upgradation of fermentation facilities for manufacture of Erythromycin Thiocyanate
	BCPL	25.00		Capital restructuring (Revival Scheme)
	IDPL	4.45		For WHO-GMP Compliance
2011-12	HAL	-		-
	BCPL	0.60		Capital restructuring (Revival Scheme)
	IDPL	1.21		For Schedule-M Compliance, ODCL
		3.40		For Schedule-M Compliance of Gurgaon, Rishikesh& Chennai Plant of IDPL

#### Fund released during the 12th Plan

(Rs. in crore)

Year	PSU	Amount	sanctioned	Purpose
2012-13	HAL	-		-
	BCPL	-		-
	IDPL	5.00		Liquid Oral Plant (2nd line) for Hyderabad Plant
2013-14	HAL	-		-
				(till 07.08.2013)
	BCPL	-		-
	IDPL	-		-

(c) & (d): During 12th Plan period, an amount to the tune of Rs.1398.50 crore has been allocated as Gross Budgetary Support by the Planning Commission for these loss making companies namely BVFCL, FACT and MFL. This amount is available for meeting the requirement of renewal and replacement of fertilizer companies. The companies have been asked in the past to prepare schemes to be implemented under the Plan schemes with necessary care and due appreciation of all the factors affecting their investment proposal to obtain most beneficial outcomes from the investment. Companies will be asked to prepare future plans in an optimal fashion to generate necessary outcomes. Schemes proposed by the companies will be reviewed/monitored by the Department of Fertilizers with a view to complete them in a timely manner and to utilize funds allocated. Financial aid is provided for Renovation, Replacement and maintenance of critical equipments to sustain their operations.

In case of Pharmaceutical PSUs, the Government of India has decided to consider a proposal for revival of HAL which includes sale of surplus land.

For IDPL, the Board for Industrial & Financial Reconstruction (BIFR) has appointed Industrial Development Bank of India (IDBI) as the Operating Agency (OA). IDBI has submitted the Final Draft Rehabilitation Scheme (DRS) costing Rs. 967.92 crores to BIFR and the Ministry, which is under consideration.

(e) & (f): The country is fully dependent on imports in Potassic sector and to the extent of 90% in Phosphatic sector in the form of either finished products or its raw materials. Subsidy being fixed, any fluctuation in international prices has effect on the domestic prices of P&K fertilizers. The prices of P&K fertilizers have increased during the year 2012-13 due to increase in international prices of fertilizers and its raw material and also on account of depreciation of Indian Rupee. During the year 2013-14, the Department has directed the fertilizer companies to reduce the prices of P&K fertilizers. It is now mandatory for P&K manufacturing companies to provide information about costs so that reasonableness of MRPs could be monitored and action may be taken in proven cases of abuse of subsidy mechanism.