

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

UNSTARRED QUESTION NO:4609
ANSWERED ON:17.12.2009
FALL IN PRODUCTION OF FACT
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether the production capacity of Fertilizers and Chemicals Travancore Limited (FACT) has gone down during the last five years;
- (b) if so, the reasons therefor along with the total fall in production capacity;
- (c) whether the Government has sanctioned a one time grant-in- aid to FACT to sustain its operations;
- (d) if so, the details thereof;
- (e) whether the company has examined and implemented the recommendations of the consultant suggested for enhancing operational efficiency and cost cutting measures;
- (f) if so, the details of the recommendations so far implemented and performance improved as a result thereof;
- (g) if not, the reasons for delay in finalization of the recommendations and the time by which the action will be finalized by the company, and
- (h) the time by which a final decision for providing the financial package for the revival of FACT is likely to be taken?

Answer

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

(a) to (b) : Production capacity of FACT Plants and the actual production for the last 5 years is given below:

Production (MT) city	Capa-	2008-09	2007-08	2006-07	2005-06	2004-05
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Ammonium Sulphate	225000	128845	30478	183490	172986	200564
Factamphos 20:20	633500	605047	425530	721202	745902	560788
Caprolactam	50000	13548	6759	41327	38666	44932

There has been no dip in production capacity in past few years. However, there was a dip in production during financial year 2007-08, due to non-availability of sufficient quantity of raw material and unprecedented rise in the costs of inputs.

(c) to (d) Yes, Madam. In March 2008, The Government had sanctioned a one-time grant-in-aid of Rs.200 crore to Fertilizers and Chemicals & Travancore Limited (FACT) to sustain the operations of the company.

(e) to (h) M/s.Deloitte Touche Tohmatsu India Pvt.Ltd. had been entrusted with the work of formulating a revival plan for enhancing operational efficiency including cost cutting measures. Major recommendations of M/s Deloitte have been implemented. The Tariff Commission recommendations with regard to complex fertilizers have been implemented w.e.f. April 2008. Price concession for ammonium sulphate had been restored w.e.f. 1st July 2008. In respect of provision of additional working capital, a letter of Comfort to MMTC of Rs. 100 Crore for 2009-10 has been given for procurement of raw material and intermediates for FACT. Plan funds are being allocated annually and subsidy is being released on monthly basis. The scheme of utilization of waste steam to reduce energy costs has been implemented in both Udyogmandal & Cochin Division of FACT. Successful trial to reduce sulphur content of NP 20:20 from 15% to 13% and use of ammonium sulphate directly for NP production have been made. The surplus staff is being utilized in the marketing Department of FACT. The use of imported ammonia is also being done based on economics.