

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

UNSTARRED QUESTION NO:905

ANSWERED ON:10.12.2013

PROMOTING FERTILIZER INDUSTRY

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

- (a) whether the Government imports fertilizers to supplement the demand of farmers in the country;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether several fertilizer units have been closed/facing closure threat and if so, the details of such fertilizer units and the reasons therefor;
- (d) whether there is any proposal to provide gas to each fertilizer unit to boost the production of fertilizers in the country; and
- (e) if so, the details thereof along with the steps taken by the Government to revive the closed/sick units and promote the fertilizer industry in the country?

Answer

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

(a) & (b) : Yes Madam, fertilizers are imported to bridge the gap between demand and the indigenous production. Urea being canalised item is imported on Government account and P&K Fertilizers are imported by private companies being under open general license.

(b): The details of Import of Fertilizers are as under:

Product	Year	Total Requirement	Total Production	Total Import	Total Production + Import
UREA	2012-13	315.4	225.7	80.4	306.1
	2013-14	216.3	151.5	67.5	219.0
	(upto Nov., 13)				
DAP	2012-13	123.6	36.4	58.5	94.9
	2013-14	92.7	24.2	30.9	55.1
	(upto Nov., 13)				
MOP	2012-13	47.8	-	18.8	18.8
	2013-14	28.2	-	17.3	17.3
	(upto Nov., 13)				
NPK	2012-13	111.5	61.8	4.0	65.8
	2013-14	79.4	46.3	2.8	49.1
	(upto Nov., 13)				

(c): Five Units of the Fertilizer Corporation of India Limited (FCIL) namely Ramagundam, Talcher, Sindri, Korba, Gorakhpur and three Units of Hindustan Fertilizer Corporation Limited (HFCL) namely Haldia, Durgapur, Barauni in the public sector are lying closed. The closed units of HFCL & FCIL had been consistently incurring losses due to a variety of reasons including obsolete technology, design and equipment deficiencies, power shortages, problems in industrial relations, surplus manpower and resource constraints. The non-availability of natural gas further limited the ability of the units to undergo modernisation and improve energy efficiencies which were low at 15 to 21 Gcal/MT of Urea. The above factors combined with sharp increase in price of naphtha and FO/LSHS made the cost of production of urea from these units economically unviable, resulting in closure of the units. In addition, the urea unit of Fertilizers & Chemicals Travancore (FACT), Cochin is also not in operation.

(d): There are 27 gas based Urea unit in the country. As per their requirement natural gas is being supplied subject to availability and allocation by Ministry of P&NG and balance is made through imported RLNG and Spot Gas.

(e): Out of the nine fertilizer PSUs, HFCL/FCIL are closed, MFL is a sick PSU. Besides these, FACT and BVFCL are loss making PSUs. The status of revival/restructuring of these PSUs is as under;

HFCL and 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 Fertilizer Corporation of India Limited (FCIL) and Hindustan Fertilizer Corporation Limited (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. Recently, CCEA in its meeting held on 9.5.2013, inter- alia, approved waiver of Government of India loan and interest to facilitate FCIL to arrive at positive net worth. Proposal/action plan on revival of HFCL units to be taken up once revival of FCIL units is on track. This enabled FCIL to get de-registered from the purview of BIFR in June 2013. The revival process of three closed units of FCIL namely Sindri, Ramagundam and Talcher to be revived by the Public Sector Undertakings through nomination and remaining two closed units namely Gorakhpur and Korba to be revived through Bidding by private sector.

Revival of MFL- The BRPSE note for financial restructuring on MFL was finalized and circulated for inter-ministerial consultation. The comments of stake holder Ministries have been received and examined. To make the company's operation viable on long term basis, it has been decided that the company may revise the restructuring proposal highlighting the merits of installation of Brownfield plant and suggest suitable capital structure and funding options for the project and get the proposal discussed in its Board and submit the same to Department of Fertilizers.

BVFCL: BVFCL has submitted a financial restructuring and rehabilitation proposal for consideration of Department of Fertilizer and recommending it to BRPSE. Inter-ministerial comments have been obtained on BRPSE note. Financial Restructuring proposal has now been sent to BRPSE.

FACT- FACT has submitted a financial restructuring and rehabilitation proposal for consideration of Department of Fertilizer and recommending it to BRPSE. BRPSE note has been finalized and circulated for inter-ministerial consultation. A presentation in this regard has also been made before Secretary, BRPSE during the meeting held on 5.9.2013 under the chairmanship of Secretary (Fert). Financial Restructuring proposal has now been sent to BRPSE.