

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

UNSTARRED QUESTION NO:124
ANSWERED ON:24.02.2015
CONVERSION OF NAPHTHA BASED UNITS
Udasi Shri Shivkumar Chanabasappa

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

- (a) whether naphtha-based urea and ammonia manufacturing units like Madras Fertilizers Limited (MFL), Mangalore Chemicals and fertilizers Limited (MCFL), Southern Petrochemicals Industries Corporation (SPIC) have shut production on Sept 30, 2014 after subsidy was stopped to them;
- (b) if so, the reasons thereof;
- (c) whether the Government had asked these naphtha-based plants to convert their units/plants into gas based plants;
- (d) if so, whether adequate gas is available to run these plants;
- (e) if not, the steps being taken by the Government in this regard; and
- (f) whether withdrawal of subsidy would hamper the production of urea in these plants and affect the farmers; and if so, the details thereof and the response of Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI HANSRAJ GANGARAM AHIR)

(a) and (b) : Yes, Madam. As per the provisions of para 4 of the Modified New Pricing Scheme (NPS)-III for existing urea units dated 2nd April, 2014, 'the production of the high cost naphtha based urea units viz., Southern Petrochemicals Industries Corporation (SPIC) - Tuticorin, Madras Fertilizers limited (MFL)- Manali and Mangalore Chemicals & Fertilizers Limited (MCFL) - Mangalore will continue till the gas availability and connectivity is provided to these units or June, 2014 whichever is earlier, beyond which subsidy for naphtha based plants will not be paid.' However, the Government of India decided to continue urea production from the three Naphtha based urea units upto 30th September, 2014 and thereafter for another 100 days from 7th January, 2015. Reason for denying subsidy to Naphtha based units is high cost of Naphtha.

(c): Yes, Madam.

(d) & (e) : At present, full requirement of gas by urea cannot be met from domestically produced gas. However, the shortfall is being met by imported gas.

(f) : Yes, Madam. Withdrawal of subsidy would hamper the production of urea in these plants. However, farmers would not get affected as Department of Fertilizers would ensure adequate supply of urea to farmers by supply of urea from imported sources, if required.