

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

UNSTARRED QUESTION NO:5733

ANSWERED ON:28.04.2015

REVIVAL OF CHEMICAL PLANTS

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

- (a) the details of chemical plants/units under the Ministry which are in operation/sick or closed in the country and the reasons for their dismal situation/apathetic condition, State/UT-wise;
- (b) whether the Government proposes to revive/reopen the said units/plants which are lying sick/closed;
- (c) if so, the action/steps taken so far and the time by which these plants are likely to be revived/made functional,
- (d) the other steps taken/being taken by the Government to provide feed stock for chemical and fertilizer plants and also to increase production of Chemicals in the country, State/UT-wise, and
- (e) whether the Government proposes to collect revenue by the auctioning of various equipment, etc. of closed chemical and fertilizer plants under the Ministry and if so, the details thereof and the action taken in this regard so far, State/UT and plant/unit-wise?

Answer

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

(a & b) There are three chemicals Public Sector Units(PSUs) under the administrative control of Department of Chemicals & Petrochemicals viz. Hindustan Insecticides Ltd. (HIL), Hindustan Organic Chemicals Ltd. (HOCL) and Hindustan Fluorocarbons Ltd. (HFL) HFL is a subsidiary of HOCL. Brief details of these PSUs are given in the following table:

Name of PSU	Products manufactured	States in which located	Whether sick or closed
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(c) The action / steps taken for revival of HOCL and HFL are as follows:

(i) HOCL - In January, 2014, a consultant viz. M/s FEDO (FACT Engineering and Design Organization) was appointed for conducting a revival study for HOCL. As the FEDO's report did not take into account the present scenario prevailing in the domestic and international market, crashing crude prices, drastic downfall in the prices of phenol and acetone, the Board of Directors of HOCL has

decided to appoint a new consultant for preparing a fresh revival plan. Since HOCL is registered company with BIFR, the fresh revival plan for HOCL, based on the report of the new consultant, will be submitted for consideration and further decision of BIFR. Further, provision for Plan loan of Rs.17 crore has been made in the Department's budget for 2015-16 (BE) for schemes/ projects of the company.

(ii) HFL - For revival and growth of HFL, the company has adopted the strategy to develop fluoro specialty chemicals and switching over from single product to multi product facility to reduce dependency on PTFE (Poly Tetra Fluoro Ethylene). Plan loan of Rs 16 80 crore was provided to HFL in 2014-15 for plant refurbishment schemes and new initiatives. This included Rs.3 60 crore for development of modified PTFE, which has higher profit margins. In 2015-16, Plan loan provision of Rs.5 crore has been kept in the Department's budget for the schemes / projects of HFL.

(d) The matter relating to availability of feedstock for fertilizer units is coordinated with Ministry of Petroleum and Natural Gas at various levels to ensure supply of natural gas to the urea producing units. Recently, CCEA has approved the proposal of notional pooling of gas prices for urea units (both Domestic and Re-liquefied Natural Gas). Notification is awaited.

The chemical sector is almost delicensed and the production related decisions, including availability of feedstock, are governed by market conditions and economic viability.

(e) Presently, there is no proposal for auctioning of various equipment etc of plants / units of any of the three chemical PSUs under the administrative control of the Ministry.

For Fertilizer units, the Government approved a Draft Rehabilitation Scheme (DRS) in 2011 for revival of closed units of Fertilizer Corporation of India Limited (FCIL)- Approved DRS envisaged sale of unusable /scrap items of the closed units. The amount so realized will be used by FCIL towards one time settlement of creditors. FCIL has sold unusable/scrap items of its closed Talcher plant situated in the State of Odisha and realized an amount of Rupees 112.18 crore. Sale of unusable /scrap items of its closed Ramagundam plant situated in the State of Telangana is in progress.