

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

UNSTARRED QUESTION NO:6390

ANSWERED ON:05.05.2015

NAPHTHA BASED FERTILIZER PLANTS

Dhruvanarayana Shri Rangaswamy;Jadhav Shri Sanjay Haribhau;Kateel Shri Nalin Kumar;Paraste Shri Dalpat Singh

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

(a) whether the Government has given an assurance to the Naphtha based urea/other fertilizer manufacturing plants that these plants/units including Southern Petrochemicals Industries Corporation (SPIC), Tuticorin, Madras Fertilizers Limited (MFL), Manali and Mangalore Chemicals and Fertilizers Limited (MCFL), Mangalore to use Naphtha as a feed stock and that these units would not be closed down;

(b) if so, the details thereof and the present status of each of these units/plants;

(c) whether it is also a fact that the representatives of Naphtha-based fertilizer manufacturing companies have held discussions with the Government in this regard in recent past, and if so, the details thereof;

(d) whether gas availability and LNG connectivity is provided to these units and if so, the details thereof, if not, the remedial steps taken/being taken in this regard; and

(e) whether the Government proposes to initiate any action for improving the efficiency of gas-based and Naphtha based urea units and if so, the details thereof?

Answer

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

(a): No, Madam.

(b) to (d): As per the Modified New Pricing Scheme (NPS)-III for existing urea units notified on 2nd April, 2014, the production of the high cost naphtha based urea units namely Southern Petrochemicals Industries Corporation (SPIC) -Tuticorin, Madras Fertilizers Limited (MFL)-Manali and Mangalore Chemicals and Fertilizers Limited (MCFL)-Mangalore was 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 was not be paid.

The Cabinet Committee on Economic Affairs (CCEA), in its meeting on 27th August 2014, approved the operations of these three Naphtha based urea plants in the southern states, from 1st July 2014 to 30th September 2014 and subsequently in its meeting on 10th December, 2014 for 100 days from date of notification of its decision i.e. 7th January 2015. The CCEA Note for continuation of these three naphtha based urea units beyond 16th April, 2015 has been approved by the competent authority and will be sent to the CCEA after inter-ministerial consultations.

As directed by the CCEA in its meeting 10th December 2014, the Department of Fertilizers convened a meeting of all stakeholders to explore the other alternatives to supply gas to these Naphtha based urea manufacturing units and also review the status of conversion of these three naphtha based urea manufacturing units, availability of gas and gas pipeline connectivity on 09th March, 2015.

In view of analysis carried out by DoF, operation of these three plants on gas supply through Floating Storage & Regasification Unit (FSRU)/ gas tankers is technically not feasible. The commencement of supply by tankers and FSRU needs at least 24 months period after getting all necessary clearances. So gas supply through pipeline is the best option.

At present, MCFL-Mangalore and SPIC-Tuticorin are continuing urea production using naphtha as feedstock as per the direction of Hon'ble High Court of Delhi. However, MFL-Manali has shut down their plant from 17th April, 2015.

(e): The final CCEA Note on New Urea Policy 2015 with the objective of promoting energy efficiency in the existing urea units is under consideration of the Government of India.