

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

UNSTARRED QUESTION NO:53
ANSWERED ON:21.07.2015
Production of Melamine
Jardosh Smt. Darshana Vikram

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

whether the Government is contemplating to withdraw subsidy for urea manufacturing units producing melamine;

(b) if so, the details thereof indicating the name of such units;

(c) whether the said urea fertilizer manufacturers have taken permission to produce melamine;

(d) if so, the reasons for contemplating such move and if not, the reaction of the Government thereto; and

(e) the impact of closure of melamine manufacturing units on laminate industry in the country?

Answer

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

(a) to (d): Yes, Madam. Principal Director, Audit had submitted a draft para on "Inadequate monitoring of diversion of urea for non-agricultural purpose and recovery of interest of Rs. 57.39 crores." The Audit had recommended recovery of Rs. 96.84 crores and suggested recovery of Rs. 57.39 crores as interest from M/s. Gujarat State Fertilizers & Chemicals Ltd.

As per New Pricing Scheme (NPS) -III notified on 08th March, 2007, the urea manufacturing units does not permit any sale/diversion of urea for non-agricultural use within 100% of the production of Re-Assessed Capacity (RAC). The company had utilized 74% to 88 % of its capacity of 3.71 lakh MT during the period 2007-11 and had diverted/sold urea for non-agricultural use within 100% RAC which was in violation of the policy provision of NPS-III.

In view of the above, the proposal to make recoveries from M/s Gujarat State Fertilizers & Chemicals Limited for the quantity of urea diverted by the Company for the production of industrial product (Melamine) is under consideration of the Government. However, the company is free to produce melamine using Re-liquefied Natural Gas (RLNG).

(e): The primary application of melamine is in decorative and protective laminates, used to manufacture furniture, flooring and fiberboard. Another significant application is in the manufacturing of impregnating resins and adhesive resins. Melamine is also used to produce various surface coatings, enamels and automotive paint additives, and in the manufacture of consumer moulded goods such as crockery, etc. The closure of melamine manufacturing unit will adversely affect these segments of the plastic sector and may give rise to increase in its imports.
